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NEWSPAPER of THE YEAR

FINANCIAL TIMES

Tuesday April 21 1992 — EUROPE'S BUSINESS NEWSPAPER — D 8523A

Gatt plan 'would' boost world trade by $195bn a year

World sales of goods and services would rise by $195bn a year within a decade if measures planned in the Gatt talks were adopted, says a report published today by the OECD Development Centre, the Paris-based economic research unit.

Member states of the Organisation for Economic Co-operation and Development stand to gain the most, with sub-Saharan Africa the biggest loser. Page 32; Washington downbeat on Gatt, Page 2; Economics Notebook, Page 33

Chase Manhattan, the large New York banking group, and NationsBank, the Southern-based regional giant, underscored the improving health of the US banking sector with sharp improvements in first quarter net income. Page 35

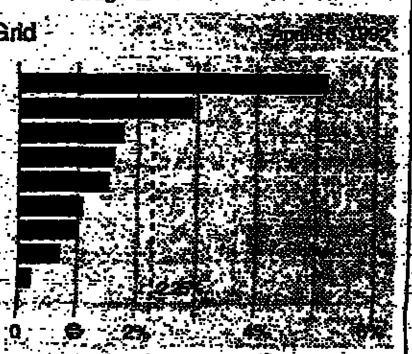
Shutdown: Russia has ordered a military atomic plant at Krasnoyarsk in central Siberia to shut down two of its three reactors as a danger to civilian health and the environment. Page 6

Towns taken: The Moslem president of Bosnia-Hercegovina has made a bitter attack on the Serbian-dominated federal Yugoslav army, as Serbs were reported to have seized further towns in the newly independent republic. Page 6

Hanson: The Anglo-American conglomerate is to appoint Derek Bonham, finance director, to the new post of chief executive, only two months after Lord Hanson told shareholders he did not intend to appoint a successor. Page 38; Observer, Page 31

European Monetary System: Sterling threw off its chains and left the floor of the grid for the first time in five months, boosted by a weak D-Mark and enthusiasm over the Tory election victory. The Danish Kroner now holds undisputed last place in the grid. The peseta remained at the top of the league, while the D-Mark has fallen from 32 per cent to 22 per cent of its permitted swing above its central Ecu rate over the last week. Currencies, Page 45

EMS: Grid



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. Sterling, the Spanish peseta and the Portuguese escudo operate with 6 per cent fluctuation bands.

US equities: After three consecutive days of record-setting gains, US stock markets ran into heavy selling yesterday morning as investors reacted to fresh declines in Tokyo and sharply higher bond yields at home. The Dow Jones industrial average lost 30.19 points to close at 3,336.31. US stocks, Page 39

Merger talks: Mitsui Petrochemical Industries and Mitsui Toatsu Chemicals are discussing a possible merger that could create one of Japan's largest integrated chemicals companies. Page 35

Peru rival: Peru's Vice President Maximo San Roman said he would soon form a rival government to oppose President Alberto Fujimori, who dissolved Congress on April 5. Page 2

El Al: The Gulf war had a bright side for Israel's state-owned airline, as the carrier announced 1991 net profits of $38.9m, up almost three times from the $14.1m returned in 1990. Page 35

Trade awards: British companies have won a record 127 awards for exports in the latest Queen's awards for export and technology announced today. Page 32; Details, Pages 9-20

Spillage: A stranded tanker has spilled an estimated 1m gallons of oil near Mozambique's coast in the country's worst environmental disaster.

Guinness Peat Aviation: The £1.7bn flotation could be jeopardised by a possible shareholder revolt over the terms of the sale. Page 33.

Poll pressure: Pressure intensified on trade unions affiliated to the Labour party in the UK to ballot members before voting in the Labour leadership contest. Page 32

La Cinq: After failing to find a rescuer for the bankrupt French television station, the French broadcasting authorities are now searching for a new station to take its place. Page 4

CIS accepted: The Russian congress acknowledged establishment of the Commonwealth of Independent States. Page 6

The Markets

STOCK INDICES

Tokyo Nikkei	17,071.36	(−509.33)
New York:		
Dow Jones Ind Ave	3,336.31	(−30.19)
S&P Composite	410.18	(−5.57)

US RATES

Federal Funds	3¾%	(3¾%)
3-mo Treas Bills: Yld	3.76%	(3.725%)
Long Bond	99⅜	(100¼)
Yield	8.02%	(7.928%)

GOLD

New York Comex Apr $336.9

STERLING

New York:		
$	1.78	(1.7445)

DOLLAR

New York:		
DM	1.666	(1.6686)
FFr	5.62	(5.6433)
SFr	1.539	(1.5448)
Y	134.305	(133.95)

Tokyo close Y 134.22

London markets closed

Austria	Sch30	Hungary	Ft182	Malta	Lm0.50	S.Arabia	SR9.00
Bahrain	Din1.000	Iceland	IKr180	Morocco	MDh11	Singapore	S$4.10
Belgium	BFr60	India	Rs20	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50
Egypt	E£4.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Din1.000
Finland	FM10	Korea	Won 2500	Philippines	Pso45	Turkey	L6000
France	FFr8.00	Kuwait	Fils.500	Poland	Zl 18,000	UAE	Dh9.00
Germany	DM3.30	Lebanon	L£1,250	Portugal	Es190		
Greece	Dr250	Lux	LFr60	Qatar	QR10.00		

State industry sector to be restructured and growth sought after four-year decline

Russia relaxes tight monetary policy

By John Lloyd and Martin Wolf in Moscow

Tough rules for Moscow's IMF safety net ● Russian congress bows to CIS reality, Page 6

Editorial Comment, Page 30

RUSSIAN economic reform is entering a new stage which will determine whether or not the country succeeds in creating a market economy. Monetary discipline will be relaxed in favour of an attempt to restructure the massive state industrial sector, and to allow the economy to grow again next year after four years of decline.

Key ministers said in interviews with the FT that they are encouraged by what they see as a victory over attempts by the Russian Congress of Peoples' Deputies to destroy the reform process. But, they have been constrained to modify their tight monetary policy, to expand credits and to loosen their targets on inflation. Mr Yegor Gaidar, first deputy prime minister in charge of reform, said: "We cannot stand three more years of negative growth: one more year is possible, this year. In the longer term, the structural agony of this economy will create an impossible situation – and so we must start economic growth rather fast. We must get growth."

Mr Boris Yeltsin, the Russian president, met leaders of groups in the Congress yesterday and reportedly told them he would step down as head of the government and put forward the name of a new prime minister in three months. A senior government official said he expected the name to be that of Mr Gaidar.

The specific elements of the second stage of reforms, after a first quarter dominated by efforts to squeeze spending and bring down the budget deficit, are:

● An acceptance that inflation will remain high. Mr Gaidar said that "we hope to get it down to a rate of 3 per cent a month by the end of the year" – that is, about 40 per cent on an annual basis. However, Mr Georgy Matiukhin, chairman of the Russian Central Bank, said yesterday he would be content to see inflation coming down to 5 or 6 per cent a month from its present estimated level of some 30-40 per cent.

● A rejection of the aim to determine a new fixed exchange rate for the rouble in favour of a "crawling peg" strategy. This would allow the rouble to decline against hard currencies in line with inflation differentials, starting from a range against the dollar which Mr Gaidar has suggested could be about 40-50. The Central Bank rate is presently 110 to the dollar, with the free market rate about 150. This would accommodate inflationary pressures, leaving the fight against inflation to domestic monetary instruments.

● The use of a mixture of the stick and carrot to restructure industry, where production has fallen in the first quarter by more than 13 per cent, according to government figures, and where inter-enterprise debt has ballooned to near Rbs900bn. Mr Andrei Nechayev, the economics minister, said the Central Bank would make available Rbs200bn to the commercial banks for soft credits to industry. He would, however, also expect a Decree on Bankruptcy to be signed soon by Mr Yeltsin, and that "if we had 10 or 15 bankruptcies, that would give a good possibility to change enterprise behaviour". Mr Nechayev also said Rbs42bn will go in soft credits to help the conversion of defence enterprises, with a further Rbs40bn to pay social costs to workers of those enterprises where state orders for arms have been stopped.

● A continued determination to raise energy prices by the middle of this year, and to achieve parity with world energy prices – especially oil prices – by the end of 1993. The government said it had raised the price of petrol at the pumps from between Rbs1 and Rbs1.3 a litre to between Rbs5 and Rbs7 a litre. Both Mr Gaidar and Mr Nechayev said the intention to raise the price per tonne of oil to between Rbs2,000 and Rbs2,600 by the middle of this year was still on track. Mr Nechayev said the government was considering imposing high rates of tax – up to 95 per cent – on producers who increased prices above Rbs2,600.

● The previous target of reducing the budget deficit to zero has been dropped in favour of an attempt to keeping it below 5 per cent of gross national product over the rest of this year.

● Export quotas, increased because of the slump in domestic demand following the liberalisation of prices in January, are soon to be replaced by export tariffs. The quotas will be phased out by the end of the year, according to Mr Pyotr Aven, chairman of the Committee on Foreign External Relations. An import tax of 5-10 per cent is likely to be imposed this year.

The tense relations between the government and the Russian Central Bank at the beginning of the year have been replaced by an uneasy consensus. This has seen the bank limit easy credits and raise its discount rate to 50 per cent. The government has also increasingly recognised the need, as Mr Gaidar put it, to "remonetise" an economy in which many workers have not been paid for lack of cash.

Admitting that the government had earlier hoped to replace the bank leadership, Mr Nechayev said "we don't fully believe in the top managers of the Central Bank, but if they resign now, it won't necessarily be better than if they stay".

Mr Yeltsin has prepared a resolution which may come before the Congress today, proposing that he, rather than the Russian parliament, appoint the Central Bank chairman "with the agreement of the Supreme Soviet of the Russian federation".

A militiaman on top of an armoured car heads a column of government-backed forces leaving Kabul for Jalalabad yesterday. Several mujahideen groups surround the Afghan capital

Ousted president to leave Afghanistan after UN deal

By Alexander Nicoll in London and Farhan Bokhari in Islamabad

PREPARATIONS were under way last night for ousted President Najibullah to leave Afghanistan after spending five days under the shelter of the United Nations.

The Indian government said arrangements had been made for Najibullah to arrive in New Delhi, but could not say when or whether he would do so.

In the Afghan capital, Kabul, Mr Benon Sevan, special representative of UN secretary-general Mr Boutros Boutros Ghali, said negotiations were continuing to allow Najibullah to leave.

Mujahideen guerrillas claimed to control all main cities except Kabul as the transfer of power from government forces to rebel groups continued. No violence was reported as government forces attempted to strike deals with the guerrillas they have been fighting for 13 years.

Official sources in Kabul told Reuters that the city of Jalalabad, east of the capital, was still under government control, but its commander was negotiating the formation of a coalition with the rebels. Kandahar, a key southern city, was in the hands of a coalition of mujahideen guerrillas and the local commander.

Najibullah, the formerly Soviet-backed leader, was toppled last week by his own generals and ministers as government forces' resistance to the advancing guerrillas crumbled. He tried to leave on Thursday but was turned back by troops at Kabul airport.

After his removal, Najibullah was denounced by his former close associate, Mr Abdul Wakil, the foreign minister, as a hated dictator who must be handed over to the law.

Mr Sevan has been seeking for months to arrange the peaceful transfer of power from Najibullah to a council including mujahideen representatives. Talks on

Continued on Page 32

Fireworks and city bells mark start of Expo 92

By Peter Bruce

THE BELLS of the city of Seville rang out in unison just after midday yesterday as King Juan Carlos of Spain officially opened the Expo 92 Universal Exposition, which he called "the greatest exposition in history".

There was a nervous cheer from the 1,800 invited guests as two huge plumes of red smoke billowed from the kilns of the 15th-century Cartuja monastery at the Expo site to signal the start of the six-month exhibition. Balloons carrying flags of all the 110 participating countries rose into the sky.

The nerves were understandable. Expo has been plagued by a series of fires – the last destroying the thatched pavilion of the South Pacific islands late last week – as workers hurried to complete the $1.94bn site.

Fire remained a central theme of the fair yesterday evening, when the Bolivians planned to burn some coca leaves – "to demonstrate their medicinal qualities", according to a pavilion official – imported for the occasion and torn at the last minute from the clutches of suspicious Spanish customs.

More than 18m people, organisers say, will visit the futuristic steel, glass, bronze and wood pavilions between now and October 12.

Expo 92 is the first big spectacle of Spain's 1992 celebrations to mark the 500th anniversary of Christopher Columbus's discovery of the New World.

The Olympic Games in Barcelona in July and August are the other big international event.

The exhibition, which has generated investment worth some $9.91bn on the site and in infrastructure around the Andalucian capital, is the biggest ever staged.

To ensure a festive opening, some 10,000 police and 3,000 private security men were on duty in and around Seville and on the Expo site. Not even the shooting and wounding by police of three people demonstrating against the fair in Seville on Sunday, and 20 more arrests yesterday, managed to dispel the general air of relief that the giant exhibition was finally under way. From today, the world's latest high-speed train service starts between Madrid and Seville.

Meanwhile the Spanish tenor, Placido Domingo, musical director of the fair, has managed to cast himself as conductor in no fewer than five of the 10 operas he has organised – including one, Carmen, which opens this week.

Expo's harried organisers have at least been able to guarantee his presence with a reported fee of $1.3m, which is more than can be said for the 50 or so heads of state and government more or less promising to attend.

But King Juan Carlos, conscious of the potential for disaster, opened the Expo with one last appeal – "the result of our efforts can be no less than total success". That was an order.

Lift off: Picture, Page 32

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Hope still alive in Brussels as EC-US summit offers last chance for a 1992 Uruguay Round settlement

Washington downbeat on Gatt breakthrough

By David Gardner in Brussels and Nancy Dunne in Washington

THERE are still hopes in Brussels that tomorrow's EC-US summit in Washington could deliver the breakthrough needed for a Uruguay Round deal liberalising broad new swathes of world trade. However, the mood in Washington yesterday was downbeat.

Mr Jacques Delors, president of the European Commission, accompanied by Mr Anibal Cavaco Silva, prime minister of Portugal, which currently holds the EC presidency, are meeting President George Bush in what is widely seen as the last chance this year to get a new General Agreement on Tariffs and Trade.

The US presidential election campaign is likely to impede further attempts to get a deal before a new administration takes office in January. Even if a political agreement is reached this week, it will take at least two months to resolve the details.

Brussels was last week talking down prospects of success. After more than five years of negotiations, missed deadlines and megaphone diplomacy, plus the past six months of false dawns, Commission officials are understandably prudent and tight-lipped. But some senior Brussels officials genuinely believe a deal is within reach, and that public caution is simply to magnify the achievement.

The key to an overall agreement remains an EC-US understanding on farm trade subsidies, which all sides believe is vital to unlock progress on remaining differences over services liberalisation and market access.

There have been strong hints, but no firm evidence, that the US is willing to allow EC subsidies to farmers as compensation for heavy price cuts Brussels plans as part of its farm reform plan. The conditions are likely to be that the Community furnishes proof that the compensation scheme restricts production, and that the payments start falling after six years.

The EC has maintained it cannot meet Gatt subsidy reduction targets, and that reform of its Common Agricultural Policy (CAP) is at risk, unless Gatt allows these payments into its "green box" for subsidies which do not distort trade.

The political core of this issue, however, is the extent to which the EC can offer open-ended guarantees of a livelihood to its hard-pressed smaller farmers.

Some Brussels officials also believe that the EC could agree to restrain the volume of its subsidised exports – in addition to even higher cuts on the amount of subsidy – as long as the US restrains exports of corn gluten, a cheap cereals substitute for animal feed.

The price of cereals, the US's main target for subsidy cuts, is due to be cut by 30 per cent over three years under CAP reform, well over the Gatt target of 20 per cent internal subsidy cuts over six years. But byproducts, such as corn gluten, can undercut even the lower price level.

The EC also wants export subsidies cuts to fall on sectors rather than products. Otherwise, high-added-value products such as cheese, in the dairy sector, would be hit in the same way as, say, skimmed-milk powder.

Reports that the preliminary meeting last week in London produced no progress has, however, depressed expectations in Washington.

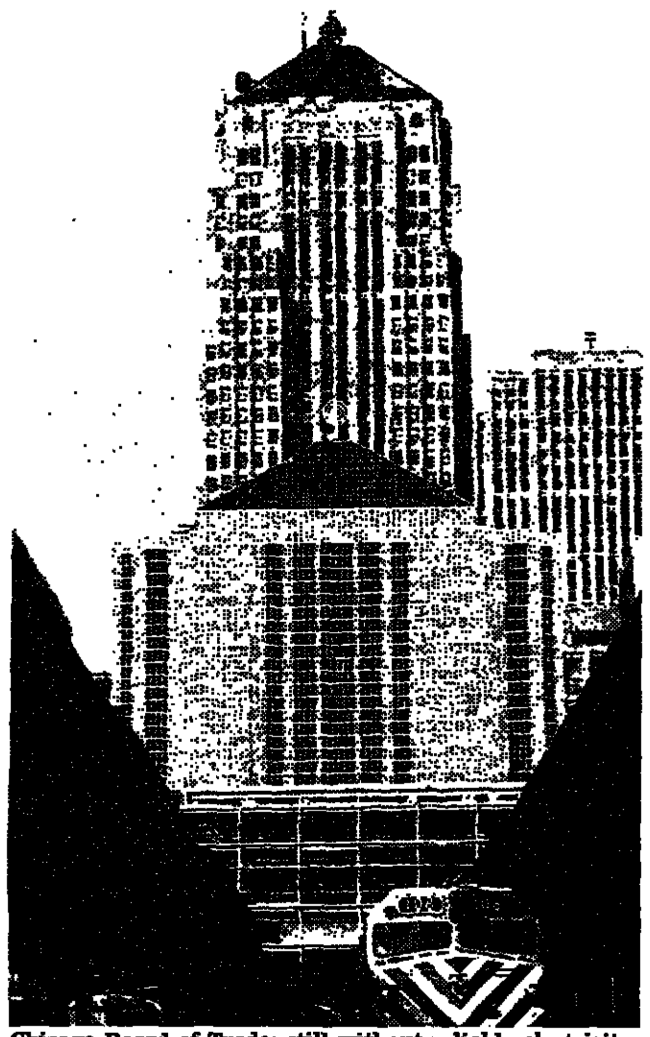
Mr Cal Cohen, vice-president of the Emergency Committee for American Trade, said no deal on agriculture was possible unless the EC agreed to limit the tonnage of its subsidised exports.

However, there is new talk of "bundling" the agriculture and services negotiations to exchange EC concessions on agriculture for US concessions on services.

Finally, the EC is holding out for a "peace clause," through which the US would undertake to set aside use of its trade law arsenal and settle bilateral disputes through Gatt. It is unclear whether the EC would settle for the generally improved bilateral trade climate that a Uruguay Round settlement would bring.

Chicago's reputation washed away

'City that works' pays for its budget shortcuts, writes Barbara Durr


Chicago Board of Trade: still without reliable electricity

CATASTROPHIC flooding of downtown Chicago last week, after an underground tunnel burst, did not dampen the city's die-hard commercial instincts. Within days, T-shirts marking the event were being sold and retailers able to open their doors were using the calamity to lure in customers with "flood sales".

While the crisis is not over – clearing the flood waters will take at least another 10 days – the initial sense of panic has evaporated. The continuing inconveniences, such as reduced public transport and restricted parking, barely ruffle Chicagoans, whose stoicism in coping with the city's harsh weather is almost limitless. But the flood has been crushing for business. The inventories of many downtown retailers floated for several days in their basements and electrical power and telephone service are still cut in some office buildings.

The Chicago Board of Trade, the world's largest futures market, has managed to create an emergency electrical hook-up, partly using its own generators, but it could not hold a full trading session yesterday.

A full session is planned for today, but the CBOT will have to fly the records of each day's trades to an office in the Chicago suburbs for processing. It hopes a reliable electricity supply will be restored by next Monday.

The Chicagoland Chamber of Commerce estimates that lost sales and clean-up expenses have already cost businesses $1bn (£570m), before infrastructural damage is taken into account.

A temporary office to dispense federal government disaster relief has been taking applications from businesses since Friday. A handful of older buildings may never be able to reopen as it is suspected their foundations have been permanently damaged.

The city, too, has been knocked hard; its mass transit department is estimating it will take $20m (£11.2m) to repair subways, into which water leaked from the flooded tunnel.

Extra police, firemen and other services have cranked up expenses for an already strained budget. And the bill for plugging the tunnel hole and clearing the flood waters is expected to run close to $1bn, which the city does not have.

Trying to put the best face on things, Mayor Richard Daley is asserting that the city can still lay claim to its fame as "the city that works".

But the statement rings hollow in the wake of evidence that foot-dragging and penny-pinching by city bureaucrats may have led to the calamity.

The roots of the problem go back to last September. The company that installed pilings to protect a bridge over the river from passing barges allegedly did not comply with the terms of its contract.

It was to remove the old pilings and place new ones in the same locations, because of underground "structures".

Instead, the company did not remove the old pilings and drove the new ones into the riverbed in such a way as to crush the tunnel's wall.

The company says it was given oral permission to sidestep the contract's terms by city officials.

Despite being informed of a resultant slow leak in the tunnel three months ago, public works officials dithered over bids to conduct the repair as they exceeded the city's own estimate of $10,000.

Last week the leak burst into a car-sized hole, pouring more than 250m gallons of the Chicago River into the city's turn-of-the-century coal tunnel system and downtown building basements.

The mayor has sacked one department chief and some dozen more heads are expected to roll.

Ironically, Mr Daley himself, instead of being held responsible for the crisis, has won considerable public approval for the way he has handled it. This is a tribute not only to how tirelessly the mayor has worked to resolve the problem, but to his formidable public relations machine which went into overdrive to point the finger at lesser officials.

Some have suggested the Chicago disaster is a harbinger of what is ahead for many US cities, whose ageing infrastructure is deteriorating and whose budgets, teetering near or in the red, cannot be stretched.

Prof Clark Barrett, an expert on urban infrastructure at the Illinois Institute of Technology, said: "Cities play on the margins of safety. There's no reward for fixing things." Or as one Chicago resident watching efforts to plug the tunnel's hole put it: "The politicians ain't gonna spend money that nobody can see."

Thai demonstrators call on premier to quit

MORE than 50,000 people took to the streets of Bangkok yesterday to demand the resignation of the general who became Thailand's prime minister two weeks ago despite never having stood in an election, Reuter reports from Bangkok.

Opposition members of parliament elected in inconclusive March 22 national elections called for the resignation of Gen Suchinda Kraprayoon, who stepped down as supreme military commander after being offered the premiership by a five-party pro-military coalition with a small majority in parliament.

Nigeria imports petrol

NIGERIA, a leading member of the Organisation of Petroleum Exporting Countries, has been forced to import petrol following shortages caused by smuggling, hoarding and refinery stoppages, Reuter reports from Lagos.

"We imported 45m litres [12m gallons] of petrol products from Europe last week at a cost of about $9m [£5m]," an official said. But the imports did not prevent frustrated motorists forming long queues at garages over the Easter weekend.

Police and MPs clash in Taiwan

MORE than 10,000 protesters marched through Taiwan's capital yesterday, after military police armed with clubs clashed with opposition members of parliament, Reuter reports from Taipei.

About 60 National Assembly deputies from the main opposition Democratic Progressive party (DPP), demanding a meeting with President Lee Teng-hui, hurled themselves against a wall of police surrounding the presidential building. Witnesses said several deputies and policemen were slightly hurt.

Saudi ambassador rescued

A YEMENI policeman disguised as a servant threw tea in a gunman's face early yesterday to free Saudi Arabia's ambassador held hostage for 18 hours, Reuter reports from Sanaa.

The ambassador's captor, armed with a hand grenade and two guns, was demanding a $1m ransom.

Peru's Fujimori faces opposition

MR Maximo San Roman, Peru's vice-president has declared he will soon form a rival government to oppose President Alberto Fujimori, who seized power two weeks ago, AP reports from Lima.

Mr San Roman said he would set up his own cabinet on the grounds that Mr Fujimori acted unconstitutionally in dissolving Congress and shutting the courts on April 5.

Mr San Roman, who was once a close ally of Mr Fujimori, claims to have the support of high-ranking military officials in trying to restore democracy.

Mr Fujimori has not stated whether he still considers Mr San Roman his vice-president, but has said that Mr San Roman was free to speak as long as he did not obstruct the emergency government.

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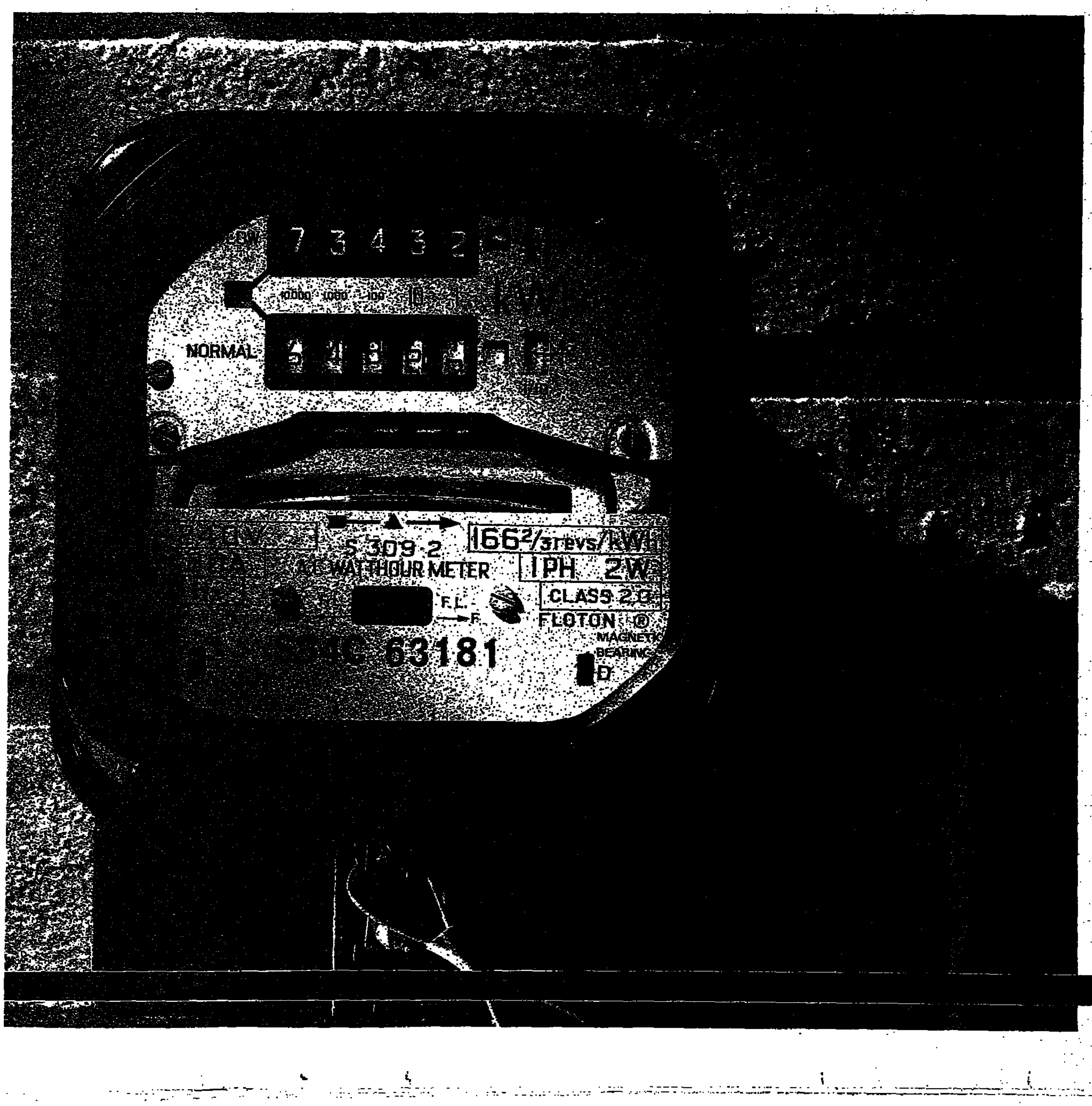

NEWS: INTERNATIONAL

Keating takes tightrope walk to Indonesia

Kevin Brown and William Keeling on the Australian prime minister's first official overseas trip

MR Paul Keating, Australia's prime minister, arrives in Jakarta today on his first official overseas trip, hoping to promote trade links and cement relations with Australia's increasingly prosperous northern neighbour. To do so, he will have to walk a tightrope between two cultures – showing sufficient concern about human rights to satisfy voluble domestic critics, while avoiding an embarrassing rupture with President Suharto, his sometimes volatile host.

Evidence of the inherent difficulties appeared at the weekend in the shape of wooden crosses planted outside Indonesia's Canberra embassy, in memory of 124 East Timorese allegedly killed by Indonesian troops in November. The crosses are deeply embarrassing to the Australian government, which obtained a court order to end a similar demonstration in January, and later changed the law to try to prevent a repetition. But the demonstration reflects continued public concern about Indonesia's treatment of minorities, especially in East Timor, a former Portuguese colony annexed in 1976, and Irian Jaya, formerly Dutch New Guinea.

To Mr Keating's discomfort, it also highlights a contrast between Australia's tradition of robust public debate and the government's desire not to irritate President Suharto, who came to power in 1967. Indonesia is notoriously touchy about foreign criticism of its internal affairs, especially from Australia. In 1986, for example, bilateral relations were frozen after the Sydney Morning Herald suggested the president's family was involved in corrupt business dealings.

However, the relationship has improved significantly in the last five years, partly because of a close personal friendship between Senator Gareth Evans, the Australian foreign minister, and Ali Alatas, his Indonesian counterpart. The two countries worked together closely in the development of Australian proposals which formed the basis of the United Nations peace plan being implemented in Cambodia.

Indonesia also helped overcome regional suspicion, notably in Malaysia, of the Asia Pacific Economic Co-operation (Apec) process launched by Mr Bob Hawke, the former Australian prime minister.

Possibly the most important breakthrough came last year, when the two countries signed an agreement allowing oil exploration and production in disputed areas of the Timor Sea.

Several Australian states have also developed contacts with Indonesian provinces, and Mrs Carmen Lawrence, premier of Western Australia, will be in Surabaya on Thursday when Mr Keating opens a state government office there. Much of the increased interest in Indonesia is being driven by Canberra's attempts to carve out an Asian future for Australia, in deference to geographic realities and the waning of traditional links with Europe.

Australians are also waking up to the material progress being made by Indonesia, which achieved annual economic growth of more than 6 per cent through most of the 1980s, and now boasts GDP of US$100bn (£56.4bn), which is more than a third of the Australian level.

So far Australian exports have been largely restricted to commodities such as oil, wheat and cotton, while Indonesia sells petroleum products, textiles and oil to Australia. But bilateral trade surged by 27 per cent to US$2.3bn last year, making Indonesia Australia's ninth largest trading partner.

Aggregate Australian investment in Indonesia totals about A$1bn, but most is focused on a handful of mining projects. Mr Philip Flood, the Australian ambassador to Jakarta, admits that Indonesia's potential is not sufficiently well known in Australia. Mr Keating will try to redress that problem by stressing the progress which has been made in negotiations on putative agreements on double taxation, fisheries co-operation and investment regulations.

But his main concern will be to try to build on evidence that Indonesia's political culture is maturing sufficiently to allow its relationship with Canberra to withstand the shock of events such as the massacre in East Timor.

Jakarta has responded with noticeable restraint to Australian criticism of the shootings, and the Indonesian military reacted cautiously last month to attempts by a "peace boat", carrying demonstrators, media and politicians, to sail from Darwin to East Timor without permission.

Australia has sought to play down the massacre by focusing on Indonesia's "credible" establishment of a government inquiry which concluded that 50 people had died, rather than 19, as the army claimed. Canberra's view is that the report shows the massacre did not happen as a result of government policy – a formula which will allow Mr Keating to deprecate the killings without being forced to endorse domestic criticism of the Indonesian government.

Mr Keating has made clear, for example, that he will resist pressure from the Australian Council for Overseas Aid to seek Indonesian pledges on human rights in return for Australian aid, which last year totalled A$114m.

Officials say the prime minister has taken to heart advice from Mr Richard Woolcott, the recently retired head of the foreign affairs department, to avoid annoying the Indonesians with "excessive self-righteous moralising".

Mr Woolcott, one of the architects of Australia's Asian policy, warned recently that nothing annoys Asian leaders more than interference in their domestic affairs by Australia, which many regard as "uncouth, lazy, self-satisfied and unwilling to make the effort to understand them and their societies".

Mr Keating's difficult task will be helped by President Suharto's pleasure in his choice of Jakarta for his first foreign trip, rather than the more traditional destinations of London or Washington – a decision which also underlines the changing priorities of Australia.

Nevertheless, he will have to perform a delicate balancing act if he is to leave Indonesia on Thursday with both the bilateral relationship and his domestic reputation intact.

Hurd visit aimed at reassuring Turkey on EC

By Robert Mauthner in London and John Murray Brown in Ankara

BRITISH foreign secretary Douglas Hurd begins a two-day visit to Turkey today aimed at reassuring the country's leaders that Britain and its European Community partners continue to regard it as a valued ally, in spite of recent tensions in some of their relations.

While it is generally agreed in the Community that Turkey cannot be part of the next wave of new EC entrants, Mr Hurd is known to feel that Ankara has been getting a raw deal from the EC, with which it has had a long-standing association agreement.

Britain is anxious that Turkey should be treated equally in the EC's proposed Mediterranean arrangements and that the Community's fourth financial protocol for Turkey should also be unblocked.

Both these measures, which could enhance Turkey's relationship with the EC, short of full membership, are currently being held up by Greek objections.

Mr Hurd, who is due to meet both President Turgut Ozal and Mr Suleyman Demirel, prime minister, will also discuss the obstacles which have arisen in talks on Turkey's association with the nine-nation Western European Union defence organisation.

Under last year's Maastricht Treaty, Greece, a member of the EC, was offered full membership of WEU, while Turkey was offered only association.

The main problem is how article 5 of the WEU treaty, which says an attack on one member country should be considered as an attack on all members, will apply to Greece and Turkey, given their historically hostile relations.

The proposed solution is a formula which will make clear that the article in question cannot be invoked in the event of hostilities between two member countries.

Though Britain is anxious not to get involved in Turkey's problems with its Kurdish population, Mr Hurd will hardly be able to avoid discussions of the Kurdish problem. The UK, together with other anti-Iraq coalition powers, is expected to seek permission to extend Operation Provide Comfort, the security umbrella for the Iraqi Kurds provided by allied aircraft flying out of the joint US-Turkish airbase at Incirlik in south Turkey.

The current six-month agreement expires on June 28. An extension may prove difficult, because Mr Demirel has said any decision must be taken by parliament, whereas previous extensions were decided by government decree.

Israel reopens Bir Zeit University after four years

By Hugh Carnegy in Jerusalem

ISRAEL yesterday announced the reopening of Bir Zeit University, the most prestigious university in the occupied territories.

It has been closed for more than four years, under one of the most criticised measures imposed by the authorities to combat the Palestinian intifada, or uprising.

The first official classes for the 2,500 students will be held on April 29, two days after the fifth round of Arab-Israeli negotiations launched at last year's Madrid peace conference gets under way in Washington.

The US has led persistent international criticism of the Israeli policy of closing Palestinian schools and colleges, saying that it amounted to unwarranted collective punishment.

Over the past two years, as levels of violence have subsided, all schools and most higher education institutions in the West Bank and Gaza Strip have been reopened, leaving only Bir Zeit still shut.

Bir Zeit, near Ramallah, north of Jerusalem, has been a centre of Palestinian nationalism as well as building a reputation for the highest academic standards among the six small universities established during the occupation.

Several senior members of the Palestinian team involved in the peace talks, including Mrs Hanan Ashrawi, the spokeswoman, teach at Bir Zeit.

Unofficial classes were held off-campus during the closure, but staff members say these were inevitably inadequate for full completion of courses.

A Jewish man of the Temple Mount Faithful group thrusts his hand into the face of an Arab vendor yesterday during a Passover holiday march through the Old City

'Hard-as-nails' finance policy pledged by Waigel

By Christopher Parkes in Bonn

WEST Germany may face four years of belt-tightening to pay the bills for unification with the east, Mr Theo Waigel, finance minister, warned at the weekend.

"Increases in national spending must be kept far below rises in economic output... Federal outgoings should rise only 2.5 per cent annually over the next four years. State and local authority expenditure should not go up more than 3 per cent," he said.

The difference between these limits and expected nominal economic growth of up to 7 per cent a year would cover about 80 per cent of unification costs, the minister claimed. Latest estimates suggest that west-east transfers this year, mainly for social and welfare benefits, will reach DM155bn (£53.2bn).

Promising a "hard-as-nails finance policy" to back his programme, he said there would be no increases in spending commitments without cuts elsewhere. The government would not take on any new spending obligations until 1996.

Although the planned moratorium could mean "cuts for the citizens", his scheme was designed to restructure the

Theo Waigel: warns of 'cuts for citizens'

welfare system, not to destroy it, he said. In the meantime, he added: "I will do everything to avoid tax increases."

Mr Waigel's declaration, which he claimed had the support of Chancellor Helmut Kohl, is an attempt to seize the high ground for the relatively hardline policies of the senior Christian Democrat/Christian Social Union coalition partners in talks expected soon with the opposition Social Democrats (SPD).

After shock gains by far-right parties in state elections earlier this month, Mr Kohl invited SPD leaders to talks after Easter to discuss economic and constitutional reform.

The minister's proposals are unlikely to have an easy passage. Objections can even be expected from the liberal Free Democrats, the junior coalition party, which is stoutly against any interference with welfare benefits. The SPD, meanwhile, has recognised that the burdens of unification have left the government with little room for manoeuvre.

Mr Waigel, interviewed in Die Welt, said not everyone yet realised that a part of western economic growth had to be set aside for the east.

Underlining the urgency of the need for economies, he ruled out federal funding for projects such as the Olympic games in 2000, for which Berlin is a leading bidder, and the next world Expo exhibition, planned for Hanover.

He also reinforced Bonn's pleadings for a fairer division of the costs of supporting reconstruction in the former Soviet Union. It would be a priority topic at the G7 summit in Munich during July, he said. "My pockets are sewn shut."

Authorities hunt for La Cinq successor

AFTER spending weeks trying and failing to find a rescuer for La Cinq, the bankrupt French television station, the French broadcasting authorities are now searching for a new station to take La Cinq's place as France's fifth channel, writes Alice Rawsthorn in Paris.

On Friday the Conseil Supérieur de l'Audiovisuel, the watchdog for French broadcasting, will begin a formal inquest into the collapse of La Cinq, which filed for bankruptcy on New Year's Eve and was taken off air a week ago.

After the inquest the CSA will decide what sort of station should replace La Cinq, and will advertise at the end of June for candidates.

There is no shortage of suitable candidates. Long before La Cinq had gone off air, a stream of would-be successors presented plans to fill the fifth channel.

TF1 teamed up with M6 and Canal Plus, two other French stations, to table proposals for a current affairs channel while the French government has floated plans to launch ARTE, an Anglo-German cultural channel.

Data protection raises EC hackles

THE EUROPEAN MARKET

OCCASIONALLY the European Commission produces draft legislation which makes even Brussels' hardened lobbyists rub their hands at the prospect of new accounts and fat fees. The data protection directive – published in September 1990 – is just such a measure.

So far the directive has frightened charities, direct marketing companies, airlines, banks, trade unions, human rights groups and the media.

More than 150 amendments were submitted by MEPs at its first reading in the European Parliament's February session, many inspired by the gripes of specific industries. When it came to the vote last month, 131 of those changes were adopted.

The Commission, which hopes to win member states' approval for the measure before the end of this year, is now wondering which amendments it should incorporate into a revised draft.

The directive is intended to ease the cross-frontier flow of information, much of it computerised, by harmonising national data protection laws. It also extends the scope of some national legislation from computerised to manual data – although officials claim it is not intended to regulate the contents of every filing cabinet in Europe.

Without a harmonising measure, Brussels argues, countries with a relatively high level of protection – such as Britain or Germany – would restrict data transmission to their less well protected EC partners on the grounds that it could be misused.

But many argue that the

Many organisations and businesses have been frightened by a draft directive designed to ease the cross-frontier flow of information, writes Andrew Hill

Commission's original draft set unduly high standards, putting its second aim – protection of the individual – above the need to ensure an open market.

The parliament seemed to agree. The broad thrust of its amendments last month was to relax the directive's restrictions in the private sector.

To take one example, the original draft requires the express consent of "data subjects" before information about them can be communicated or processed. There are exceptions: publicly available information, for example, and "contractual or quasi-contractual relationships", such as with one's bank or mortgage-broker.

But the parliament's amendments would go further and introduce an element of "implicit" consent. They would also exempt the media from the measure, thus meeting investigative journalists' concerns that the need to inform data subjects about files might make their jobs impossible. In addition, companies would be able to give customers the option to object to further processing and communication of personal data. This is the "opt-out" clause favoured by direct marketers, who, as voracious data-users, are among the most vociferous critics of the legislation.

But though apparently sympathetic to the often exaggerated problems of individual sectors, the Commission sees little need to distort what it believes should be a broad and coherent framework directive with nit-picking amendments. So a complete exemption of the media would be "excessive", in the words of one official, and specific rules on direct marketing would come "at a different stage".

Officials point out that, in its first published draft, the directive mentions no specific sectors, allows member states much scope in the application of the measure, and provides for follow-up committees to fine-tune the legislation and make further recommendations.

This solution itself worries the critics, who fear that committees made up of national officials and hardline data protection commissioners would be unable to resist tightening the measure. Parliament is pressing for such advisory committees to include representatives of other interest groups.

"Certainly there will be a follow-up [to the directive]," says one Commission official in defence of the proposed system. "What I'm contesting is that this follow-up will necessarily be restrictive. It will represent a fair compromise between the different interests involved in Europe."

There will have to be more than one compromise. Criticised for being too restrictive in the private sector, Brussels is also under attack for allowing public authorities too much leeway to do what they want with personal data.

"There are extremely strict rules on the private sector, but it has basically become a data-abusers' charter in the public sector," warns Mr Douwe Korff, a UK-based human rights lawyer who also represents Amnesty International.

If parliament's amendments are adopted, Mr Korff believes they could undermine the directive's principal aim of establishing a level EC playing field in data protection, and create constitutional problems by overriding stricter human rights legislation in some member states.

Most critics acknowledge that the Commission – perhaps without realising the scale of the task at the outset – will have to face up to some tough problems, not to mention some ruthless lobbying, before the data protection directive is approved by member states. But, as Mr Korff points out, that is what legislators are paid for.

COMPANY NOTICES

ROBECO N.V.

(Investment company with a variable capital)

Robeco N.V. announce a cash dividend of Fls 3.52 per ordinary share of Fls 10 (Fls 0.352 per sub-share) for the financial year 1991.

BEARER SHARE WARRANTS WITH COUPONS ATTACHED

Coupon No 90 accompanied by the appropriate claim form should be presented to the Company's Paying Agents, National Westminster Bank PLC, Global Securities Services, Basement, Juno Court, 24 Prescot Street, London, E1 8BB, on business days between the hours of 10.00 a.m. and 2.00 p.m. Claims must be submitted by personal presentation. Postal applications cannot be accepted.

The dividend will be payable at Fls 3.52 per share, less tax as appropriate, as from 1 May 1992, against surrender of Coupon No 90.

Coupons presented by, or on behalf of, shareholders who are subject to United Kingdom Income Tax will be subject to Netherlands Dividend Tax at the rate of 15% and United Kingdom Income Tax at the rate of 10% on the gross dividend. Forms 92 VK will not be required in respect of claims lodged within six months of the payment date. Coupon No 90 presented on or after 1 November 1992 must be accompanied by a completed Form 92 VK duly certified by the individual shareholder's Inspector of Taxes.

If the coupons presented are accompanied by the appropriate certified Forms 92 supplied by residents of Australia, Austria, Belgium, Canada, Denmark, Finland, France, The Federal Republic of Germany, Indonesia (reduction to 20% only), The Republic of Ireland, Israel, Japan, Luxembourg, The Netherlands Antilles, New Zealand, Norway, Singapore, South Africa, Spain, Surinam (reduction to 20% only), Sweden or the United States of America, Netherlands Dividend Tax amounting to 15% will be withheld. Forms 92 VS must be submitted in duplicate, signed by the applicant, but need not be authorised by the U.S. Inspector of Taxes.

Residents of Switzerland can apply for a partial refund by submitting a Form R-NL 1 to Dutch Fiscal Authorities. This form can be obtained from the Eidgenossische Steuerverwaltung, Bern. Reduction to 15%.

Residents of Italy can have a full refund by submitting Form 92 IT, certified by their local Tax Inspector, to the Inspector of Corporation Tax, Wibaut Street, 2-4, Amsterdam with the relevant dividend note.

In all other cases Netherlands Dividend Tax at 25% will be deducted from the Gross dividend.

Exemption from United Kingdom Income Tax may be claimed by lodging the usual affidavit certifying non-residence in the United Kingdom.

SUB-SHARE CERTIFICATES REGISTERED IN THE NAME OF NATIONAL PROVINCIAL BANK (NOMINEES) LIMITED

United Kingdom Banks and Members of the Stock Exchange should lodge the special claim form with the National Westminster Bank PLC, Global Securities Services, Basement, Juno Court, 24 Prescot Street, London, E1 8BB.

Payment of the dividend must be marked on the reverse side of the certificate in accordance with 'Marking Name' procedures.

Other claimants must also complete the special claim form and present this at the above address together with the relevant certificate(s) for marking by the National Westminster Bank PLC.

All claims must be submitted by personal presentation. Postal applications cannot be accepted.

Income Tax requirements will be as shown above for Bearer Share Warrants.

The Record Date is 16 April 1992.

Payment will be made by National Provincial Bank (Nominees) Limited on or after 1 May 1992 and will be subject to Marking Name commission.

CONVERSION OF DUTCH CURRENCY

The Dutch currency will be converted into sterling on 16 April 1992. A further announcement will be made shortly giving full sterling details of the dividend in respect of FLs 10 ordinary shares and Fls 1 sub-shares.

SHAREHOLDERS IN THE REPUBLIC OF IRELAND

Approved Agents in the Republic of Ireland may present coupons to the Company's Paying Agents there, Allied Irish Banks PLC, Registrar's and New Issues Department, Bank Centre, PO Box 954, Ballsbridge, Dublin 4.

Claims on sub-share certificates registered in the name of The Munster and Leinster Bank Nominees Limited should be lodged with Allied Irish Banks PLC, Registrar's and New Issues Department, Bank Centre, PO Box 954, Ballsbridge, Dublin 4.

21 April 1992

ROLINCO N.V.

(Investment company with a variable capital)

Rolinco N.V. announce a cash dividend of Fls 2.16 per ordinary share of Fls 10 (Fls 0.216 per sub-share) for the financial year 1991.

BEARER SHARE WARRANTS WITH COUPONS ATTACHED

Coupon No 33 accompanied by the appropriate claim form should be presented to the Company's Paying Agents, National Westminster Bank PLC, Global Securities Services, Basement, Juno Court, 24 Prescot Street, London, E1 8BB, on business days between the hours of 10.00 a.m. and 2.00 p.m. Claims must be submitted by personal presentation. Postal applications cannot be accepted.

The dividend will be payable at Fls 2.16 per share, less tax as appropriate, as from 1 May 1992, against surrender of Coupon No 33.

Coupons presented by, or on behalf of, shareholders who are subject to United Kingdom Income Tax will be subject to Netherlands Dividend Tax at the rate of 15% and United Kingdom Income Tax at the rate of 10% on the gross dividend. Forms 92 VK will not be required in respect of claims lodged within six months of the payment date. Coupon No 33 presented on or after 1 November 1992 must be accompanied by a completed Form 92 VK duly certified by the individual shareholder's Inspector of Taxes.

If the coupons presented are accompanied by the appropriate certified Forms 92 supplied by residents of Australia, Austria, Belgium, Canada, Denmark, Finland, France, The Federal Republic of Germany, Indonesia (reduction to 20% only), The Republic of Ireland, Israel, Japan, Luxembourg, The Netherlands Antilles, New Zealand, Norway, Singapore, South Africa, Spain, Surinam (reduction to 20% only), Sweden or the United States of America, Netherlands Dividend Tax amounting to 15% will be withheld. Forms 92 VS must be submitted in duplicate, signed by the applicant, but need not be authorised by the U.S. Inspector of Taxes.

Residents of Switzerland can apply for a partial refund by submitting a Form R-NL 1 to Dutch Fiscal Authorities. This form can be obtained from the Eidgenossische Steuerverwaltung, Bern. Reduction to 15%.

Residents of Italy can have a full refund by submitting Form 92 IT, certified by their local Tax Inspector, to the Inspector of Corporation Tax, Wibaut Street, 2-4, Amsterdam with the relevant dividend note.

In all other cases Netherlands Dividend Tax at 25% will be deducted from the Gross dividend.

Exemption from United Kingdom Income Tax may be claimed by lodging the usual affidavit certifying non-residence in the United Kingdom.

SUB-SHARE CERTIFICATES REGISTERED IN THE NAME OF NATIONAL PROVINCIAL BANK (NOMINEES) LIMITED

United Kingdom Banks and Members of the Stock Exchange should lodge the special claim form with the National Westminster Bank PLC, Global Securities Services, Basement, Juno Court, 24 Prescot Street, London, E1 8BB.

Payment of the dividend must be marked on the reverse side of the certificate in accordance with 'Marking Name' procedures.

Other claimants must also complete the special claim form and present this at the above address together with the relevant certificate(s) for marking by the National Westminster Bank PLC.

All claims must be submitted by personal presentation. Postal applications cannot be accepted.

Income Tax requirements will be as shown above for Bearer Share Warrants.

The Record Date is 16 April 1992.

Payment will be made by National Provincial Bank (Nominees) Limited on or after 1 May 1992 and will be subject to Marking Name commission.

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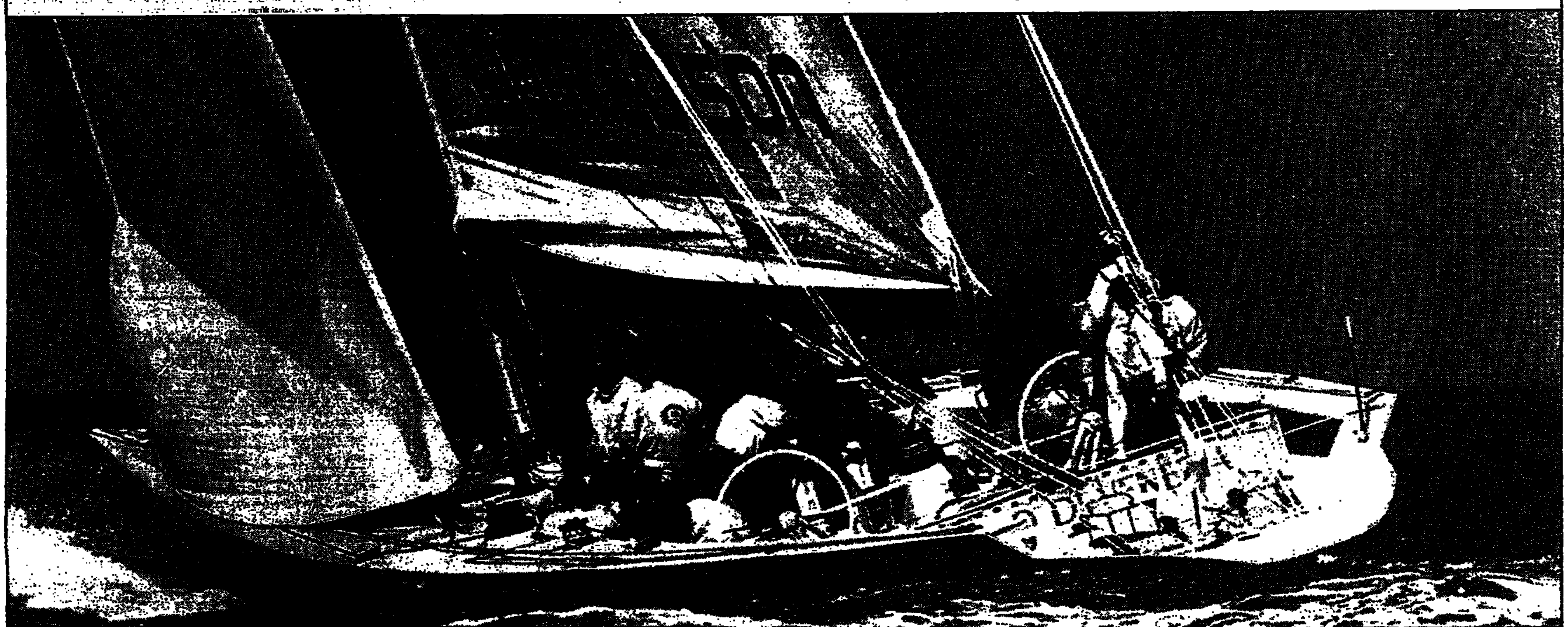
21 April 1992

We WON OUR CUP when THE boat TOUCHED WATER.



At Montedison, we admit we're pretty proud of our new boat. You see, we conceived the Moro di Venezia entirely in the lab. No one had ever done that before. Our Tencara shipyard made her hull and keel. SP Systems supplied the advanced composite materials and dealt with the structural engineering studies. Nuova Texindustria created the material for the revolutionary sails. ACX built the mast. The Montedison Group of Companies, working together, have launched a great technological and industrial challenge – and not only with our new boat in the America's Cup. Thanks to the commitment, imagination and spirit of our employees, Montedison is the world leader in advanced materials. Montedison is forging ahead in our race to be first. We wish the same success to the crew of the Moro di Venezia.

MONTEDISON

WORLD LEADER IN ADVANCED MATERIALS.

Havel goes to Asia in search of markets

By Anthony Robinson, East Europe Editor

MR Vaclav Havel, president of the Czech and Slovak Federal Republic, will underline Czechoslovakia's search for wider markets and new sources of investment capital during a week-long visit to Japan and South Korea which begins in Tokyo today.

Over the last year Germany has emerged as the biggest foreign investor in Czechoslovakia, accounting for a third of the more than 3,000 foreign joint ventures and well over half of the nearly $1bn (£565m) foreign equity investment in the country since the communist regime was ousted in November 1989.

The more westerly Czech lands have also received substantial investment from other European and US companies, including BSN and Air France, Nestlé of Switzerland, the UK-Dutch Unilever, ICI of the UK, and US multinationals such as Procter and Gamble, Boeing and Dow Chemical.

Japanese investors, however, have remained cautious. The biggest investment so far has been an indirect one by Asahi Glass, which holds a controlling stake in Glaverbell, the Belgian-based glass company which last year finalised a "strategic alliance" with Sklo Union, the country's biggest glass maker.

This is the biggest of only 10 projects involving Japanese companies in Czechoslovakia to date.

Last year, however, Japan provided a $200m long-term credit, while the Czechoslovak federal parliament last week cancelled the communist-era trade agreement, which was signed in 1959 and was based on rigid inter-state protocols no longer relevant to an economy in the throes of rapid privatisation.

After meeting Mr Kiichi Miyazawa, the Japanese prime minister, and Emperor Akihito, the Czechoslovak president is expected to sign a new agreement aimed at boosting trade.

Czechoslovakia last year exported goods worth only $71m to Japan, mainly hops and glass, and imported electronic consumer goods, cars and industrial products worth $124m.

On his way back, Mr Havel will visit South Korea for similar trade and investment talks with the South Korean government, with whom diplomatic relations were established only two years ago.

Czechoslovakia last year exported goods worth $8.6m to South Korea.

$6bn rouble fund to be discussed in Washington next Sunday

Tough rules for Moscow's IMF safety net

By Peter Norman, Economics Correspondent

RUSSIA will have to meet tough monetary policy conditions if it is to obtain the planned $6bn (£3.3bn) safety net for the rouble which is being prepared by the world's big industrialised countries.

The $6bn rouble stabilisation fund is part of the $24bn package of international financial assistance for Russia announced earlier this month. It will be one of the issues discussed by finance ministers and central bank governors from the Group of Seven leading industrial countries when they next meet in Washington on Sunday. It will also be the main agenda item of another industrial country group – the Group of 10 – next Monday.

It is planned that the G10 (which confusingly is made up of 11 industrial nations comprising the G7 plus the Netherlands, Belgium, Sweden and Switzerland) should provide the funding for the stabilisation fund by activating a dormant IMF financial mechanism known as the General Arrangements to Borrow (GAB).

The $6bn rouble safety net would be established through an agreement between Russia and the International Monetary Fund and administered by the IMF. It is expected to take the form of a pledge of funds the IMF may draw on in case of need rather than of a loan.

Some technical work has to be done on the stabilisation fund before the plan can be approved by G10 ministers. But according to one senior western monetary official, "the real issue is whether the Russian government will be able to comply with the conditions".

Western capitals have shown some concern about the policies and activities of the Russian central bank, with doubts about whether it will refuse finance to bankrupt companies, and about its relations with the national banks of the other former Soviet republics.

"I don't think anybody is very comfortable with what is happening on the monetary side," the official said. If the stabilisation fund gets off the ground, "we will really be lending Russia some reserves. We have therefore got to get the proper conditionality."

European officials expect the IMF will need further GAB financing to meet its fast-growing obligations as a result of the liberalisation of eastern Europe and the membership of the former Soviet republics.

The GAB in its present form dates back to 1983, when the G10 countries agreed to provide up to $24bn to help the IMF through liquidity shortages. It was envisaged as a support for the fund's efforts in dealing with the 1980s international debt crisis, but was not needed for this purpose. The facility was set up in 1962 to deal with monetary crises in the G10 nations and was used to fund the UK's borrowing from the IMF in the mid-1970s.

Russian congress bows to CIS reality

THE Russian congress, the Communist-dominated parliament that last week refused to recognise the Soviet collapse, yesterday acknowledged establishment of the Commonwealth of Independent States, AP reports from Moscow.

On a vote of 548-158 the Congress of People's Deputies adopted a resolution affirming Russia's membership in the commonwealth, which was created last December.

The vote was a victory for President Boris Yeltsin, who has encountered stiff opposition from lawmakers hostile to his market reforms, his sweeping powers and his efforts to co-operate with other former Soviet republics within the new commonwealth.

In a largely symbolic protest vote on Friday, the congress refused to recognise the Soviet collapse or accept responsibility for fulfilling arms control and other treaties signed by the former Soviet government.

It reversed itself yesterday, accepting the commonwealth as a "new legal and political form of voluntary union among sovereign states".

● The decision by the Russian parliament is unlikely, however, to defuse tensions with other former Soviet republics. President Leonid Kravchuk of Ukraine yesterday raised the stakes in a territorial dispute with Russia by warning that a proposed referendum on Crimean independence could lead to tragedy and bloodshed, Reuter reports from Kiev.

"A referendum is the tragic path towards a schism in the Crimea. And what that schism would bring, what misfortunes it would cause for the people of the peninsula and others besides, no one may dare to predict," Mr Kravchuk said.

The Black Sea peninsula of Crimea was handed from Russia to Ukraine in 1954 as a gift to mark 300 years of union. Since the breakup of the union last year some Russians have questioned the legality of the transfer, raising Ukrainian fears that Moscow could try to claim the territory back.

A Muscovite fills his car as long queues formed at petrol stations in Moscow yesterday. Disgruntled drivers paid five times as much to fill their cars with petrol, Reuter reports. As part of President Boris Yeltsin's economic reform programme, the price rose from 5 pence a gallon to the equivalent of 27p.

"It's becoming impossible to drive in this country," said Mr Konstantin Milyukov, an engineer, sitting in a grimy red Zhiguli sedan in a line of cars blocking a street near the city's Sokolniki Park.

Russians, accustomed to hoarding scarce commodities from soap to sugar, have known for weeks that a petrol price rise was on the cards and many have stashed away enough fuel to keep them on the road for weeks. But some were caught unawares by the timing of the price rise.

Closure of reactors ordered

RUSSIA has ordered a military atomic plant to shut down two of its three reactors as a danger to civilian health and the environment, a government spokesman said yesterday, Reuter reports from Moscow.

The plant in Krasnoyarsk, a central Siberian city of 1m people, produces weapons-grade plutonium. Two of its old-fashioned reactors cooled by water taken from and pumped back into a big waterway were ordered to close within months.

The Yenisey river, already heavily polluted by industry in a region where millions of people live, flows 1,250 miles through Siberia. Local authorities had complained of danger to health and the environment in towns nearby.

Plutonium, a fission fuel for nuclear weapons and reactors, acts as a deadly poison by collecting in bones and altering white blood-cell production.

The decision was the latest in a series of safety measures reflecting expert consensus that Russia's nuclear technology is outmoded and dangerous.

It comes less than a month after a nuclear accident released radioactive gas near the nation's second city, St Petersburg.

Serbs seize more towns in Bosnian fighting

By Laura Silber in Belgrade and Agencies

THE MOSLEM president of Bosnia-Hercegovina has made a bitter attack on the Serbian-dominated federal Yugoslav army, as Serbs were reported to have seized further towns in the newly independent republic.

The fresh turmoil coincided with State Department confirmation that the US is considering breaking diplomatic relations with Belgrade to increase pressure on Serbia to cease inflaming tension in Bosnia.

In his attack on the federal army, Mr Alija Izetbegovic, Bosnia's president, said entire villages were being razed and towns destroyed and looted while the "murderers hide behind the backs of generals".

He was responding to an open letter from a federal army general accusing the president of "personally orchestrating" attacks on military installations and of "declaring war against the Yugoslav Peoples' Army". The general warned that Mr Izetbegovic would face "serious consequences" if a blockade of barracks and weapons factories continued.

As more refugees fled trouble spots, Belgrade television said the Bosnian town of Bratunac was overrun by Serb irregulars. The report came just hours after media in Sarajevo said Serb troops had taken nearby Srebrenica.

The two predominantly Moslem towns are near the Serbian border, as are at least four other towns taken by Serbs recently.

The Serbs are believed to be trying to create a corridor linking regions they hold in the north-west with newly occupied areas along Bosnia's eastern borders with Serbia and its tiny ally, Montenegro.

Croatian radio said the Serbian flag had been raised over Vogosca, an industrial zone in Sarajevo, the capital of Bosnia. At least five people were reported killed in fighting between Moslem and Serb forces for control of the zone.

Fighting has nearly paralysed deliveries of food and medical supplies. Sarajevo radio said milk was unavailable in the capital, where a kilogramme of potatoes is now reported to cost 1,000 dinars, or about 8 per cent of average monthly wages, which are equal to about £11.

In the latest indication of US concern, the State Department said a diplomatic break with Belgrade was being weighed at the highest levels of the Bush administration. A break "certainly is within the realm of possibility", an official said.

Washington would seek to co-ordinate any actions with the EC, where a similar discussion was taking place, the official said.

Yugoslav finance officials flew to the US yesterday to discuss foreign debt payments and to try to head off efforts to end Yugoslavia's membership of the International Monetary Fund, Reuter reports from Belgrade.

Mr Slavoljub Stanic, deputy finance minister, and Mr Dusan Vlatkovic, National Bank governor, will hold talks with representatives of commercial bank creditors in New York before an IMF session in Washington.

Mr Vlatkovic has said he wants to discuss rescheduling Yugoslavia's $15bn (£8.4bn) foreign debt. The team will also discuss the country's IMF membership following the secession of Slovenia, Croatia and Bosnia-Hercegovina.

"Yugoslavia simply cannot afford to lose the IMF. Without fresh money it is strangled," said a Yugoslav economist.

The mission has become more urgent because of a US drive to isolate Serbia, Yugoslavia's biggest republic, both politically and economically unless it ends what Washington calls interference in fighting in neighbouring Bosnia.

Romanian communist leaders sent to jail

ROMANIA'S Supreme Court overturned the acquittal of 21 former Communist party bosses blamed for mass killings during the 1989 revolt and yesterday sentenced them to jail terms totalling 255 years, Reuter reports from Bucharest.

State prosecutors had appealed against the earlier acquittal of the associates of Stalinist dictator Nicolae Ceauşescu, who was overthrown and executed in the December 1989 revolt.

None of the 21 was present when the court announced the appeal verdict and fresh jail terms ranging from eight to 16 years on charges related to the deaths of 1,033 people as a result of violent attempts to crush the uprising.

"The Supreme Court rules that the 21 politburo members are guilty of aggravated murder and complicity in aggravated murder," Mr Valeriu Bogdanescu, the court's vice-president said. "All other rulings related to this matter are cancelled."

Legal sources said the former communist chiefs, who first came to trial in July 1990, had no further right to appeal.

The court sentenced Ceauşescu's adviser Silviu Curticeanu, former foreign minister Ion Totu and former trade minister Ana Muresan to 16 years. Another ex-foreign minister, Stefan Andrei, got 14 years, as did party ideologist Dumitru Popescu and six others. The remaining 10 received sentences of eight to 11 years.

INTERNATIONAL ECONOMIC INDICATORS: MONEY AND FINANCE

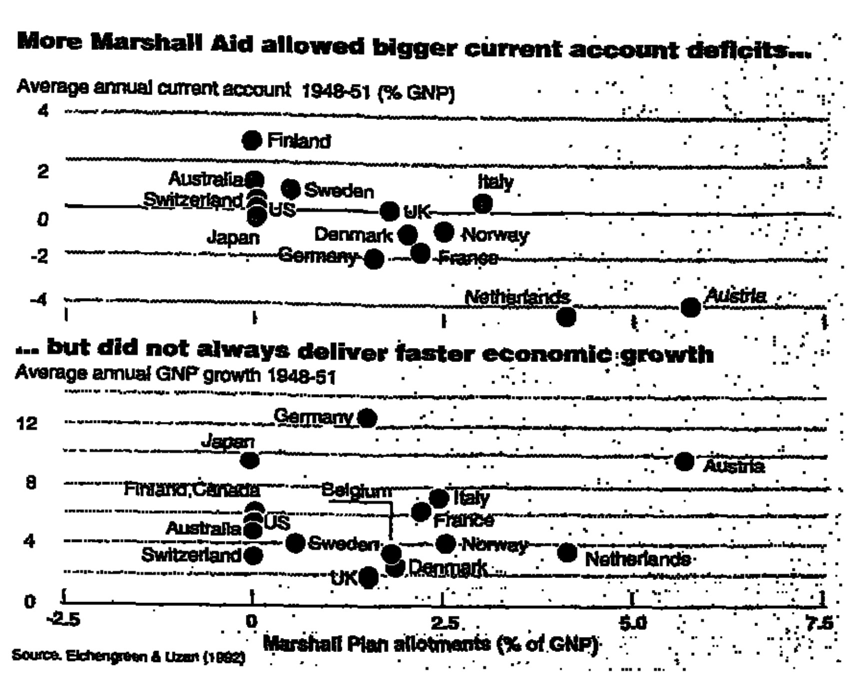
This table shows growth rates for the most widely followed measures of narrow and broad money, a representative short- and long-term interest rate series and an average equity market yield. All figures are percentages.

	UNITED STATES Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield	JAPAN Narrow Money (M1)	Broad Money (M2+CDs)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	9.2	9.1	8.00	10.62	n.a.	5.0	8.4	6.62	6.34	n.a.
1986	12.3	8.3	6.49	7.68	3.43	6.9	8.7	5.12	4.94	0.64
1987	11.6	6.5	6.82	8.38	3.12	10.5	10.4	4.15	4.21	0.55
1988	4.3	5.4	7.65	8.84	3.61	8.4	11.2	4.42	4.27	0.54
1989	0.9	3.8	8.99	8.49	3.43	4.1	9.9	5.31	5.11	0.48
1990	3.7	5.4	8.06	8.55	3.60	2.6	11.7	7.62	7.27	0.65
1991	6.0	3.2	5.87	7.21	3.21	5.2	3.6	7.21	6.37	0.75
2nd qtr.1991	5.3	3.6	6.03	8.12	3.18	3.3	3.7	7.70	6.71	0.71
3rd qtr.1991	6.1	2.8	5.79	7.95	3.10	6.6	2.8	7.11	6.41	0.76
4th qtr.1991	8.0	2.8	5.00	7.21	3.09	8.5	2.2	6.11	5.68	0.76
1st qtr.1992			4.17	7.43	2.90			5.02	5.49	0.88
April 1991	4.4	3.5	6.08	8.03	3.17	0.3	3.6	7.75	6.69	0.70
May	5.5	3.7	5.92	8.07	3.20	3.2	3.6	7.72	6.64	0.71
June	5.9	3.6	6.10	8.27	3.17	6.6	3.7	7.63	6.80	0.72
July	6.2	3.2	6.05	8.28	3.14	6.1	3.4	7.45	6.75	0.75
August	6.2	2.8	5.72	7.91	3.07	7.2	2.7	7.21	6.39	0.77
September	6.0	2.4	5.58	7.66	3.06	6.4	2.2	6.64	6.09	0.76
October	7.1	2.5	5.34	7.51	3.09	7.5	2.1	6.30	5.97	0.72
November	8.2	2.9	5.00	7.39	3.09	9.3	2.4	6.09	5.96	0.75
December	8.7	3.0	4.67	7.07	3.08	8.8	2.0	5.94	5.72	0.81
January 1992	10.2	3.1	4.09	7.01	2.87	7.6	1.8	5.15	5.45	0.83
February	11.3	3.1	4.11	7.33	2.90	7.9	1.6	5.05	5.53	0.87
March			4.29	7.96	2.94			4.84	5.51	0.93

	GERMANY Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield	FRANCE Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	4.4	5.1	5.45	7.09	n.a.	8.2	7.4	10.03	11.74	n.a.
1986	9.9	8.3	4.63	6.19	1.79	6.9	6.8	7.79	8.74	2.65
1987	9.0	7.3	4.03	6.33	2.21	4.1	10.0	8.26	9.59	2.75
1988	9.8	6.4	4.33	6.58	2.61	3.8	8.6	7.94	9.02	3.69
1989	6.3	5.7	7.12	7.02	2.22	8.0	9.5	9.39	8.79	2.88
1990	4.5	4.5	8.49	8.63	2.11	3.8	9.0	10.32	9.87	3.19
1991	5.2	5.6	9.25	8.44	2.38	−5.6	2.2	9.62	9.03	3.58
2nd qtr.1991	5.0	5.6	9.11	8.26	2.25	−0.3	6.4	9.43	8.95	3.48
3rd qtr.1991	5.2	5.8	9.24	8.43	2.31	−2.1	5.0	9.54	9.04	3.60
4th qtr.1991	4.2	5.6	9.47	8.29	2.45	−5.6	2.2	9.66	8.80	3.61
1st qtr.1992			9.62	8.34	2.32			10.06	8.48	3.40
April 1991	4.5	5.5	9.18	8.20	2.30	2.3	7.9	9.34	8.88	3.46
May	5.4	5.7	9.08	8.30	2.62	1.2	7.3	9.24	8.86	3.44
June	5.1	5.4	9.06	8.35	2.18	−0.3	6.4	9.72	9.11	3.53
July	5.8	5.8	9.15	8.57	2.29	−0.5	6.4	9.59	9.15	3.69
August	4.8	5.9	9.31	8.41	2.32	2.7	5.9	9.59	9.09	3.62
September	5.1	5.6	9.27	8.30	2.31	−2.1	5.0	9.43	8.88	3.47
October	4.9	5.3	9.38	8.31	2.41	−3.1	3.7	9.32	8.79	3.50
November	4.1	5.4	9.43	8.32	2.42	0.8	4.9	9.56	8.82	3.56
December	3.7	6.1	9.61	8.24	2.52	−5.6	2.2	10.10	8.61	3.77
January 1992	4.7	6.3	9.54	7.91	2.39	−2.6	3.5	9.99	8.40	3.49
February	4.1	6.6	9.61	7.89	2.30	−2.2	3.5	10.06	8.45	3.40
March			9.70	7.94	2.25			10.12	8.58	3.31

	ITALY Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield	UNITED KINGDOM Narrow Money (M0)	Broad Money (M4)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	13.7	14.0	14.34	13.71	n.a.	4.7	13.2	12.32	11.03	n.a.
1986	10.4	9.0	13.25	11.47	1.41	4.0	15.3	11.02	9.97	4.35
1987	10.5	11.0	11.32	10.58	1.94	4.7	14.6	9.77	9.52	3.60
1988	7.5	8.1	11.24	10.54	2.71	6.8	17.0	10.41	9.69	4.48
1989	8.1	10.1	12.41	11.61	2.46	5.9	17.8	13.96	10.30	4.36
1990	9.0	9.6	11.98	11.87	2.84	5.4	16.2	14.82	11.65	5.07
1991	8.2	10.7	11.83	13.20	3.45	2.3	8.2	11.58	10.08	4.97
2nd qtr.1991	7.3	9.5	11.51	12.87	3.21	1.7	8.9	11.64	10.34	4.84
3rd qtr.1991	8.0	11.2	11.60	12.86	3.31	2.1	7.1	10.82	9.98	4.80
4th qtr.1991	9.8	13.0	11.84	12.92	3.59	2.8	6.1	10.61	9.73	5.03
1st qtr.1992			12.04	12.65	3.40			10.61	9.45	5.00
April 1991	6.6	8.5	11.74	13.07	3.36	1.5	9.7	12.02	10.17	4.74
May	8.0	9.8	11.39	12.82	3.24	1.6	9.3	11.59	10.32	4.85
June	7.4	10.3	11.40	12.72	3.02	1.9	7.8	11.30	10.53	4.98
July	7.4	10.6	11.54	12.90	3.24	2.2	7.7	11.14	10.26	4.91
August	8.0	11.6	11.69	13.04	3.31	1.6	7.1	10.94	10.01	4.76
September	8.5	11.5	11.58	12.65	3.39	2.4	6.5	10.37	9.66	4.73
October	8.3	12.4	11.40	12.83	3.51	2.6	6.4	10.45	9.72	4.83
November	9.9	13.2	11.66	12.92	3.58	2.9	5.6	10.54	9.77	5.00
December	11.1	13.3	12.47	13.03	3.67	2.8	6.2	10.64	9.70	5.25
January 1992			11.97	12.71	3.37	2.2	6.3	10.71	9.53	5.00
February			12.04	12.62	3.31	2.2	6.0	10.44	9.36	4.94
March			12.10	12.58	3.49			10.67	9.48	5.04

Monetary growth rates: show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. All growth rates refer to the seasonally adjusted series except for Japan and Italy. German monetary statistics now form a continuous pan-German series. Monetary data supplied by Datastream and WEFA from central bank sources. Short-term interest rates: period averages of; US – 90-day commercial paper, Japan – 3-month certificates of deposit, Germany – 3-month Fibor, France – 3-month Pibor, Italy – 3-month Euro-Lira, UK – 3-month Libor. Source: Datastream. Long-term interest rates: period average yields on long-term benchmark government bonds. Source: Atlas/TFN. Equity market yield: period averages of the gross dividend yield on the relevant FT-A world index.



Aid for Russia: lessons from the Marshall Plan

"ECONOMIC assistance might turn the scale between stability and further disintegration next winter... by tempting food and goods to market, restoring the purchasing power of wages and increasing the incentive to produce more."

This quote could have been lifted from any of the many articles advocating generous western financial assistance to aid the economic reconstruction of former Soviet republics. In fact it appeared in July 1947 in the Economist magazine, a few weeks after US secretary of state George Marshall first proposed his aid package.

Europe's post-war economic recovery turned out, in fact, to be dramatically successful. By 1951, average national income per head had risen to more than 10 per cent above their pre-war levels, an achievement not matched between 1914 and the great depression.

Yet it is surprisingly hard to pin down the role of Marshall aid in fuelling this recovery. While most countries had rapid growth rates, there is little correlation between the amount of aid a country received and its rate of economic growth. West German industrial output rose by a remarkable 312 per cent between 1947 and 1951; but Germany received a below-average Marshall aid allocation.

It was the nature and not the quantity of aid that was more important for the pace of Europe's recovery, according to research by Mr Barry Eichengreen and Mr Marc Uzan to be published in the next issue of Economic Policy. Countries across Europe had suffered extensive damage to their infrastructure, needed new investment to shift production to domestic uses and were short of foreign exchange reserves to buy imports. But the total resource flow – $13bn between 1948 and 1951, more than $70bn (£39.5bn) in today's prices and averaging only 2.5 per cent of gross national product – was too small to provide a significant boost to either investment or government spending.

Countries with the largest current deficits tended to receive more aid. But there was no strong link between national growth rates and either the size of these deficits or rates of investment growth.

The importance of Marshall aid was in restoring financial and political stability and speeding the liberalisation of production and prices. Post-war prices were at unsustainably low levels, consumer goods were scarce while large budget deficits threatened inflation. Producers were better off hoarding their goods than selling them. Economically the solution was clear: price controls had to go, wage demands moderated and budgets balanced. But the political difficulties of higher prices, lower real wages for workers and higher taxes were great.

Marshall aid, while modest, eased the fiscal constraint facing national governments and made it easier to mollify fractious interest groups. Equally important were the conditions attached to aid. Countries were required to maintain workable stabilisation policies, but specific targets for monetary and fiscal policy were less important than pressure to decontrol prices, reduce trade barriers and co-operate to revive intra-European trade.

Russia's reformers are today facing similar problems. The recent decision by the Group of Seven industrialised countries to grant a $24bn package of aid and trade credits to the Russian government has revived hopes of a Marshall-style solution. But the Marshall Plan analogy may be misleading. Post-war Europe had experience of a private economy: the domestic debate was over types of market economy – more or less state intervention or redistribution – rather than whether to build a private market economy or return to state control. The G7 countries may be able to apply pressure for faster liberalisation and a revival of inter-republic trade. But if the constituency favouring a painful shift to a market economy is weak, $24bn is unlikely to tip the balance.

Edward Balls

"The Marshall Plan: Economic Effects and Implications for Eastern Europe and the former USSR," Centre for Economic Policy Research, discussion paper 638.

NEWS: UK

Increased Easter sales lift retail confidence

By Kevin Done and Juliet Sychrava

FROM shopping centres to theme parks and travel agencies, consumers across the country were shaking off the recession blues over the Easter weekend.

The City is still expecting retail sales for March – the figures are published on Friday – to be unchanged from February and to be down on March a year ago, but in the shops the Easter weekend has helped to remove the uncertainty created in the run-up to the general election.

With takings in many stores sharply higher, retailers reported yesterday a growing sense of confidence.

In London's Oxford Street Mr Tony Butler, general manager of D.H. Evans reported brisk activity over the whole of the holiday weekend with "an exceptionally good" Monday. He estimated that takings would be as much as 50 per cent higher than a year ago.

At the MetroCentre in Gateshead, north-east England, Mr David Thomson, Littlewoods store manager and chairman of the centre's tenants association, said: "We are very pleased with the level of business. There does seem to have been a release of consumer spending. This is the first seasonal peak of the year, and it is nice to have it in a climate that is becoming more spending oriented. If Easter had fallen before the election we would not have had a particularly successful period."

Mr Thomson said that takings were about 9 per cent higher than Easter a year ago, when spending had been boosted artificially by the imminent rise in value added tax.

Even at the Brent Cross shopping centre in north-west London, where trading has been affected by the nearby IRA bombing 11 days ago, retailers reported better than expected levels of business.

At the Lakeside Shopping Centre, Thurrock, Mr Richard Lusty, House of Fraser store manager, said: "Good Friday was a bumper day. The car parks were full. Customers were definitely spending. We certainly had the feeling that the end of the recession had started. On Friday there was definitely a buzz. There is not spending in a silly mood, but there is a sign of confidence coming back to the stores."

Alton Towers, the Staffordshire theme park in which Pearson, owner of the Financial Times has a stake, had about 20 per cent more visitors than last year. Mr Nick Varney, marketing director, said: "It's the most successful Easter ever."

Ms Bronwyn Gold Blyth of Lunn Poly, the UK's biggest travel agent chain, reported "good business" on Saturday. The interest in £400-£450 package holidays to the Mediterranean has held up well in recent weeks, in spite of the recession and election uncertainty. Since the election more people are again looking to more expensive locations such as the Caribbean and the Far East.

Sign of the times: A pub in St Albans, north of London, is renamed The Overdraught by its new owner. The pub sign shows the Bank of England.

British pubs have traditionally withstood recession, but there are indications that some face closure in the wake of falling trade. The impact of the recession on pubs has varied from region to region with Scotland and northern England generally faring better than the Midlands and south.

The proportion of casualties is still relatively small, but the numbers continue to rise. The cost of what many publicans describe as the worst trading conditions for 40 years has begun to appear in bad debt provisions made by brewers against loans to free trade pubs. Most brewers have nevertheless so far been able to maintain or improve profits, and all have raised their dividends.

Teachers' union pulls back from conflict with government

By Andrew Adonis

THE National Union of Teachers pulled back yesterday from becoming the first union to confront Mr John Major's re-elected government.

Amid bitter and confused scenes, the union's annual conference at Blackpool rejected by 97,444 to 72,360 a left-wing call to boycott the appraisal of teachers – a policy already in the course of implementation across much of the country. It decided instead to seek, jointly with other teacher unions, to negotiate acceptable schemes with local education authorities.

Under government plans, all teachers are to be appraised by senior members of their schools' staff by the end of 1994.

Ministers insist – to the NUT's dismay – that appraisal ratings should play a part in the award of performance-related pay, a scheme for which will be drawn up next year by the teachers' pay and conditions review body.

The vote on appraisal was but one of a series of brinks from which the 182,000-strong NUT – the largest and most militant of Britain's teacher unions – pulled back at Blackpool.

On Saturday it narrowly rejected a motion committing the union to boycott the government's national tests for seven and 14-year-olds.

Mr Doug McAvoy, NUT general secretary, and his embattled executive are relieved to have avoided commitments to engage in strikes and boycotts. But motions due for debate today – notably a call for action to limit class sizes – could still involve open conflict with the government.

Whatever the votes, Mr John Patten, the new education secretary, is set to maintain his predecessors' stance of studied indifference to the NUT.

Appreciation of that has influenced the conference, with the union's executive repeatedly urging delegates not to expose individual teachers to the threat of dismissal or disciplinary action for defying policies the government is determined to implement in any event.

Yesterday's vote was also motivated by concern not to isolate the NUT from the other, more moderate teachers' unions, which are steadily gaining members at the NUT's expense. "It is crucial that this union sticks with every other teacher union," Ms Anne Moran, for the executive, told delegates.

Well under half of all teachers now belong to the NUT. The AMMA and NASUWT teacher unions have, respectively, only some 40,000 and 60,000 members fewer than NUT. Both have adopted a pragmatic attitude to appraisal, testing and opting-out.

● Mr Maurice Littlewood, president of the NASUWT, told the opening session of his union's conference yesterday that appraisal was likely to be a "crude determinant for performance-related pay". He called instead for the assessment of "whole-school performance". "A collegiate staffing structure is a more appropriate guarantee for the delivery of improvement," he told delegates at Scarborough.

Flexible pension package resisted

By Ralph Atkins and Norma Cohen

THE GOVERNMENT is resisting pressure from the pensions industry for a flexible "decade of retirement" in Britain as the method for equalising male and female state retirement ages.

Ministers seem likely to announce this year that the age at which women become eligible for a state pension will rise from 60 to either 63 or 65, some time after the year 2000.

The appointment of Mr Peter Lilley, and Tory rightwinger and former Treasury minister, as social security secretary last week aroused speculation that he might bow to Treasury pressure. Other European Community countries are moving towards higher retirement ages.

The Department of Social Security, which published a paper on equalising retirement ages last December, has made clear that lowering men's retirement age to 60 is unlikely as it would cost an estimated £3.5bn a year.

A common retirement age of 63 would save the government about £500m a year, although the Treasury may seek a mutual retirement age of 65, expected to save at least £3bn a year.

The move to equalise pension ages follows a ruling from the European Court in 1990 that allowing women to retire at 60 with full pension, while requiring men to work until 65, is discriminatory. Last December the DSS put forward proposals to equalise state retirement benefits that clearly favoured equalisation at age 63.

Because much of British industry has been moving to adopt flexible retirement schemes, the proposals were roundly criticised by the pensions industry.

A 1989 report from a House of Lords select committee had urged a "decade of retirement" which would have given more choice to pensioners and to employers.

Employers prefer flexibility because it enables them to keep experienced workers on the payroll.

In a flexible scheme those who retire at 60 earn pensions based on a lower salary, while those who work longer can earn more.

But a national retirement age at 63, or even 65, would make flexibility in private schemes impossible, pensions experts have said.

Britain in brief

Pay-to-drive proposals outlined

Drivers in congested cities should have to pay daily tolls of between £1 and £5, according to a report published today by the Adam Smith Institute, the rightwing think tank.

The latest "pay-as-you-drive" scheme also calls for hauliers with heavy axle loads to pay more. This would encourage them to spread heavy loads over more axles and raise money for resurfacing.

Industrial illness alert

A campaign has been launched to alert people with runny noses that they may be suffering from an industrial disease for which they can claim compensation.

Inflammation or ulceration of the mucous membrane, triggered by exposure to dust, liquid or vapours in the workplace, has been covered by government compensation schemes since the 1920s, but claims have been rare since sufferers frequently blame colds, hayfever or allergies.

The disease is set for greater recognition due to a benefits take-up campaign spearheaded by the TUC, the British trade union association.

Fraud office defended

A strong defence of the record of the Serious Fraud Office was made by Mrs Barbara Mills QC, its director, before leaving to become Director of Public Prosecutions.

Mrs Mills (above), who takes over as DPP today, rejected criticism of the use of the SFO's "section two" powers to compel people under investigation to answer questions. Writing in the Law Society Gazette, she said 73 per cent of section two notices last year went to willing interviewees.

Rail safety analysed

Many more railway passengers' lives would be saved if British Rail worried less about preventing large-scale train disasters and concentrated on stopping people falling out of trains, according to an analysis in May's edition of Railway Gazette International.

Most such deaths and injuries could be avoided by introducing trains fitted with power-operated doors. Instead, BR has slowed the replacement of old trains to pump more money into measures aimed at preventing big train crashes.

THE QUEEN'S AWARDS
FOR EXPORT AND TECHNOLOGY

Technology's profile is set to rise in Mr Major's new government, writes Danny Green. The new Faraday institutes are designed to build bridges between industry and scientists. But the link between technology policy and exports remains industrial productivity

It's more than just better mousetraps

THE NEW government of Mr John Major is preparing to raise the profile of technology. The minister responsible is Mr Tim Sainsbury, a minister of state. His predecessor, Lord Reay, was only a junior industry minister.

Within a day of his appointment last week, Mr Sainsbury said he would "bring together the department's responsibilities for industrial sponsorship and industrial support services".

It may sound like a simple shift in responsibilities, but the word "sponsorship" has reappeared in the vocabulary of the Department of Trade and Industry *statements* after an absence of several years.

This should hearten Sir John Fairclough, the former chief scientific adviser to the Cabinet Office under Mrs Margaret Thatcher and now chairman of the Engineering Council, the umbrella body *for 46 professional institutions. Last* year, the Prince of Wales asked Sir John to set up and chair a working group on innovation to propose improvements to the links between academic and commercial research. The interim report from the working group in January was warmly welcomed by government ministers and the Conservative election manifesto echoed its proposal to establish centres of technological excellence.

The new bodies, to be called Faraday institutes, are based on Germany's Fraunhofer institutes. The function of both is to build bridges between industry, which sometimes fails to see academia as a source of fruitful new ideas, and scientists, who fail to exploit fully their ideas in the private sector. They are a route for both people and ideas to move from the public to the private sector.

An infrastructure for Faraday institutes is already in place. Existing independent research and development companies, which pay their way by doing contract work for industry, could be given a higher public profile. They would then take on some public funding and be encouraged to employ staff *studying for higher degrees.*

"Working in partnership with industry" — a notion perhaps more in tune with Majorism than Thatcherism

If taken up, this proposal would be a far cry from the last time a UK government tried directly to promote technology in industry. The interventionist Labour government of the late 1970s feared that Britain would miss out on a semiconductor industry boom and set up a company, Inmos, in 1978. The subsequent Conservative administration sold Inmos to Thorn EMI, which sold it on to its current owner, SGS-Thomson of France. Last month, SGS said it would end UK production of the transputer microchip and transfer it to France.

The UK still has no large domestically-owned producers of microchips. DTI staff talk of the Inmos initiative with evident pain and embarrassment.

The attraction of Faraday institutes is that they avoid Inmos-like direct intervention while clearly putting in more of an effort. Mr Sainsbury talked last week of "working in partnership with industry", a notion perhaps more in tune with Majorism than Thatcherism. The institutes also fit in with an idea expressed by ministers in recent years of the state as enabler, creating the environment for industry to work better.

This approach is also seen in the Prince's Working Group's second idea: the creation of "Cities of Innovation". This would be a transferable label like the European City of Culture, run by the European Commission. Cities of Innovation would be used to encourage universities, polytechnics, local government and industry to develop plans for making the best of local technical *expertise.*

In spite of their visibility, Faraday institutes and Cities of Innovation run the risk of being seen in the mould of the Queen's Awards: cheap but high profile, an aid to marketing rather than investment.

The awards are indeed used mostly in marketing by companies. They have done little help the morale of British researchers either, damaged by falling investment. UK gross domestic expenditure on research and development fell between 1981 and 1988, while it rose in France, Germany, Italy, Japan and the US. Many engineers and scientists saw the low cost approach of the 1980s reason enough to declare their allegiance to parties other than the Tories last month. *Letters to newspapers from British* researchers at home and abroad castigated the "progressive erosion in public support for research" since 1979 and the resulting lack of morale in the scientific community.

Can Faraday institutes help? They would not be a "complete model", concedes Mr *Peter Lilley*, the trade and industry secretary in the last government.

Morale might be an area to benefit as academic scientists and engineers gain a clearer career structure into the commercial world.

But career prospects are not what technology is for, as treasury minsters might remind Mr Sainsbury. His department will be spending £350m on research and development annually and will *watch British industry invest* billions more.

Perhaps this megaspend is designed to make better new products. If so, this is not reflected in the pattern of Queen's Awards winners. Some awards are indeed for better mousetraps such as *Marconi's satellite dish. But* many more are to improve manufacturing. Better mousetraps may make the world beat a path to your door, but the secret of winning the Queen's Award is to raise the productivity of mousetrap manufacture.

This is the right priority according to Mr Bob Whelan, the chief executive of the Centre for the Exploitation of Science and Technology (Cest), an independent organisation funded by 19 British *companies and working with* government and higher education. "The issue of industrial productivity stands at the heart of technology policy," he says.

Furthermore, the vitality of technological innovation is directly connected to strong exports, he says. A product *reliant* on domestic buyers will have its sales eaten away by imports.

Productivity may be the link between technology and exports, but again, this is not reflected in today's Queen's Awards winners. There are no joint technology/export awards. Although there is a record number of export awards, the number of technology awards is only typical for the last few years.

There are good reasons for this. In a time of deep domestic recession, it is not surprising that companies should redouble their efforts to sell into more buoyant markets overseas. It is also understandable for companies to take a long, hard look at their research and development budgets and cut some of the more borderline or speculative projects. This has been reflected in a fall since 1990 in the UK's gross domestic expenditure on research and development.

Cash pressures also affect government priorities. There may be demands to put more research *and development cash into areas* where few productivity gains will be seen but cash will be saved.

High on the list is the entry of technology into health care at home. Both the government and private health insurers want patients to stay for as short a time as possible in expensive overnight hospital beds. This can be done by making use of electronic devices, such as health monitoring devices worn by patients at home which automatically dial for help in an emergency, and by better drugs. One of this year's award winners is ICI's Diprivan, a general anaesthetic from which patients recover more quickly.

Since 1990, there has been a fall in gross domestic spending on research and development. Projects have been dropped

Technology is also being called *upon to solve environmental* problems. While high on the political and legislative agenda, this does little for industrial productivity. As such, it does not fit in with the existing award schemes and the establishment of a Queen's Award for environmental achievement from next year recognises this.

So it will be difficult for Mr Sainsbury to keep his eye on the productivity ball. One measure of his effectiveness will be whether exports of manufactures stay strong when the British economy returns to growth, thus making the domestic buyers a softer touch. It might take more than Queen's Awards and Faraday institutes to win that fight.

THE QUEEN'S AWARDS 1992

There are a record number of export winners and more applications than for many years, reports **Neil Buckley**

Rich pickings are found abroad

BRITAIN may be in the depths of a recession, but some companies at least are finding that this need not harm their growth.

If the numbers of applicants for and winners of the Queen's Awards for export are anything to go by, more British companies than ever are finding there are rich pickings to be had in the export market, even if demand is disappointing back home.

A record 127 export awards have been given, one more than the previous highest total in 1990 and, after a slightly disappointing response in the last few years, 1,181 applications were received this year – the most since 1979.

To qualify for an award, according to the rules, an applicant has to demonstrate a "substantial and sustained increase in export earnings to a level which is outstanding for the products or services concerned and for the size of (its) operations".

Generally, the increase has to have been sustained over a three-year period, so it is noteworthy that 15 of this year's winners have been established within the last five years.

However, many of the award-winners have a history dating back to the last century, including such well-known names as J Barbour & Sons, the garment manufacturers; Fortnum & Mason, the fine food purveyors; and the security company Chubb.

Twenty-three awards went to companies that have won export awards before. For Tiphook, a London-based company which supplies containers, road trailers and rail wagons to the shipping, distribution and transportation industries, it was the fourth export award in eight years.

Other multiple winners include Huntleigh, which previously won in 1982 and 1987. This Luton healthcare company exports to 50 countries including Japan, India and Russia – an impressive achievement in the medical field where regulations can be rigid and vary across different borders.

Euromoney, the magazine publishing, advertising and conference company, also wins the award for the third time. Three-quarters of its total income now comes from 144 countries all over the world.

There is other evidence of companies continuing to build on their success. A number of previous recipients of technology awards have turned their technological prowess into export success.

For example, British Gas, whose "intelligent pig" – a sophisticated inspection vehicle which passes through pipelines under the force of the gas or liquid in the pipe – gained a technology and export award in 1988, has won a second export award for more than trebling overseas earnings from its pipeline inspection services.

Another repeat winner, Portsmouth-based City Technology, which manufactures gas sensors for a range of applications in the safety, energy-saving and emission control areas, has won two previous technology awards in 1982 and 1985, as well as an export award in 1988.

GPT Payphone Systems of Liverpool, which makes intelligent payphones, phonecards and cashless calling systems, won a technology award last year and has gained an export award this year for exporting to more than 60 telephone administrations in 48 countries.

No Queen's Awards list would be complete without a representative from ICI, and this year ICI Katalco of Cleveland is a repeat winner. The company, which supplies the Puraspec range of purification processes to remove impurities from gases and hydrocarbon liquids, picked up a technology award last year and has followed it up with an export award.

A final multiple winner is Oxford Magnet Technology, based in Witney, Oxfordshire. The company, now jointly-owned by Oxford Instruments Group and Siemens, develops and manufactures whole-body superconducting magnet systems for magnetic resonance imaging scanners. It won awards for technology and export in 1985 and a further technology award last year.

While several of the UK's largest companies – including British Steel, British Gas, British Aerospace, Rolls-Royce, ICI and Thorn – are represented in the list, there is a refreshing variety. Exports range from MBA degrees and natural history documentaries to ships in bottles and bicycle mudguards.

Among the export winners, 68 per cent employ fewer than 200 people, while five companies have fewer than 15 employees.

Sir Ralph Robins, chief executive of Rolls-Royce, the aerospace group — Glyn Genin

The smallest company on the list is Associated Timber Services with a staff of nine. Established six months before the hurricane which sent trees crashing down across the southern Britain in October 1987, this Suffolk-based firm of timber merchants now exports timber and other wood products all over Europe. Export sales have increased more than fivefold in the last three years.

Invisibles performed particularly well to take 16 per cent of the awards. The insurance sector, which received its first award only two years ago, this year had three representatives: Clerical Medical International Insurance of the Isle of Man – a subsidiary of Clerical, Medical and General Life Assurance and the first ever Manx winner; Newman Martin and Buchan, brokers specialising in the energy industry and marine market; and SBJ Regis Low, a Lloyd's broker specialising in oil rigs and hulls.

The management consultancy sector is represented by Gödel Escher Bach, established in 1987 and specialising in strategic planning techniques for senior executives in multinational companies. Its Executive Information Systems software has been described as "user promiscuous" and was designed for "the most computer illiterate board director". The company's exports to Europe, south-east Asia and the US have more than trebled in the past three years.

More Fisher Brown, a small partnership established as recently as 1988, becomes only the second firm of solicitors to win an export award. With clients in 58 countries, it deals exclusively in legal services to the international marine and insurance industry. Another first is achieved by R.G.C.Jenkins, as the first patent and trademark agents to pick up an award.

The academic world is also well-represented. The London Business School is recognised for more than doubling its fee income in the last three years from overseas students and managers on its MBA and non-degree courses. UMIST, the University of Manchester Institute of Science and Technology also receives the bulk of its foreign earnings from overseas students' fees, but also from research services and technology transfer overseas carried out through its subsidiary, UMIST Ventures.

The London Business School in Regent's Park — Alan Harper

The University of Cambridge's Local Examinations Syndicate is rewarded for its success in marketing its English as a foreign language examinations worldwide.

One company involved in training is International Aerospace, which trains military and civilian pilots and flight engineers, and now receives more than 80 per cent of its income from overseas.

Other sectors which are strongly represented are aerospace; the garment industry; printing; high technology; foodstuffs; and computers and software.

The importance of overseas investment in the UK is again evident, and the proportion of companies with overseas parents seems to have increased slightly this year. Seven are owned by US companies; four by Japanese; two German; with one Canadian, one Australian and one French. The best-known of these are car manufacturers Nissan and Peugeot Talbot, while Kemble, the leading piano manufacturer, is now a joint venture with the Yamaha Corporation.

Companies come from the length and breadth of the UK, with 11 from Scotland, four from Wales and three from Northern Ireland, and, for the first time, one from the Isle of Man. All have defied the recession, and once the recovery is under way, should be in a strong position to make the most of growing domestic demand.

Barbour/Fortnum's/Gloverall

A traditional image appeals to Anglophiles

PRODUCTS reflecting the traditional British image and way of life are selling well all over the world; but particularly in Japan.

You can't get more traditionally British than the royal family, and one reliable sign of a long-established British product is the presence on the label of the crest which indicates a royal warrant of appointment, awarded to products favoured by the royal family.

J Barbour and Sons, best known for waxed jackets which cope with the worst of British weather, is one company that will be adding the Queen's award for export logo to the three royal warrants of appointment it already displays. Its garments are sported by several members of the royal family, and its brochure even advertises a Mark Phillips jacket for riders.

The duffel is "the epitome of British style", but the company says its appeal is now totally international

Barbour has found that Britain does not have a monopoly on the need for bad-weather clothing, judging by the boom in sales across Europe, America and Japan.

The company started towards the end of the last century making oilskins for the North Sea fishing fleets. Now its "Thornproof" waxed cotton jackets have become a widely-imitated classic of country style. During the 1980s the range expanded to include every kind of outerwear, from hats to socks and all-in-one wading outfits. Most items are intended to be worn for hunting, fishing and riding but in fact are often seen on the streets of London and other cities.

Barbour garments are exported from the company's base in South Shields and sold to 25 markets across the world, through wholly owned sales subsidiaries in the main markets and a network of distributors and agents.

Fortnum and Mason is the biggest name in luxury foods in the UK, and because of its royal warrant of appointment to the Queen it is often referred to as the Queen's grocer.

Although Fortnum and Mason in Piccadilly, London, is its only store, Fortnum's food products are stocked by many other department stores and specialist food shops in the UK.

In 1981 the company set up a separate export division to cope with the growing international demand for tea, biscuits and preserves carrying the Fortnum name.

"The company's products have been enjoyed outside England for more than two centuries, but in the last five years controlled expansion of sales by the export division has achieved worldwide recognition for our range of quality food products," Fortnum and Mason says. Export earnings represent a significant and increasing proportion of total turnover.

In Japan, Fortnum's has become known as a specialist tea house, and its attractively packaged own-brand varieties of tea have high prestige value as gifts. They are sold from concessions in many department stores including Mitsukoshi, the "Harrods of the East".

Japan is also an important market for duffel coats made by Gloverall of London, which also wins an export award. The duffel, a practical, warm hooded coat, originated in Belgium, but was British military issue in World War II, and became popular with students in the 1950s after Gloverall was approached by the Ministry of Defence to sell off the military's surplus coats.

Forty years later the duffel is still Gloverall's main product,

Bad weather seems universal

and is available in countless variations of style and colour. Gloverall describes the duffel as "the epitome of British style", but says its appeal is now totally international. Gloverall has a 1.5 per cent share of UK clothing exports to both Japan and France.

"Despite the current economic climate we are constantly setting new export sales records," said Mr Roger Morris, the chairman.

Bethan Hutton

University of Cambridge Local Examinations Syndicate

All the world's a test paper

PERHAPS THE fact that the University of Cambridge is a name recognised all over the world has contributed to the success of its Local Examinations Syndicate in translating local into global presence.

The syndicate was established in Cambridge in 1858, and now conducts educational assessments on every continent and in almost every country. Business has expanded threefold since 1985, and more than 60 per cent of turnover comes from outside the UK, an achievement that has won the organisation an export award.

Dr Tyrell Smith, deputy secretary of the syndicate, hopes the award will help to correct the image many people have of the UCLES. "People in the UK just think of us as an O-level and A-level board. But we do have a very big export side to our work," he says. The syndicate went international as far back as 1863, when it examined candidates in Trinidad.

Now its business is divided into three, roughly equal, sectors: UK work, overseas schools examinations and English as a foreign language (EFL) testing.

Last year 1m candidates sat Cambridge exams and 8m question papers were completed.

The syndicate is run as a department of the university, and its board of governors is composed of Cambridge dons. It employs 450 people in Cambridge, as well as thousands of part-time examiners and full-time representatives in several countries.

In the field of EFL, the main competition is with American English and examining bodies such as Princeton's Education Testing Service, but Dr Smith says many schools prefer Cambridge tests for their more rigorous methods.

"One distinct reason why people tend to choose us as opposed to ETS tests is that we have a more holistic approach. We are interested in the way people write the language and speak it. Our requirement to write continuous prose has been an important difference," he says. American tests rely heavily on multiple choice testing.

Interest in learning the English language tends to coincide with countries opening up and becoming more internationally minded. Demand for EFL has surged in eastern Europe in the past couple of years. The syndicate's business in Greece has boomed since it joined the EC, and it is now developing markets in south-east Asia.

Students sit a Cambridge English exam in Athens

One growth area which has surprised even the examination syndicate has been the success of the International General Certificate of School Education, introduced in 1988 and equivalent to the GCSE, which has replaced O-levels in Britain. Entries for the IGCSE rose to 38,000 in 1992, up 50 per cent on last year.

The UCLES says the IGCSE is "not simply an expatriate version" of the GCSE, but is based on an international curriculum, "free from Anglocentric or even Eurocentric bias". This is borne out by its popularity in such diverse places as Egypt and Latin America. In 1995 Cambridge's IGCSE will replace the South African system currently used as a national secondary school leaving exam in Namibia.

The "localisation" process, whereby Cambridge exams are adopted nationally, is an important part of the syndicate's work. "With Commonwealth countries becoming independent, they have tended to want to develop their own examinations," says Dr Smith. In Zimbabwe the syndicate has worked closely with the education ministry to set up an O-level exam system which meets local requirements. The exams are now taken by 200,000 students a year, and are marked by 4,000 local examiners, trained by UCLES.

Other countries, including Singapore and Namibia, prefer to stick to Cambridge's IGCSE, making it easy for students to work or study anywhere in the world.

The syndicate also trains and examines EFL teachers. Many teachers of English abroad are fresh graduates with no specialist teaching qualifications, but the need for at least basic training in EFL is increasingly being recognised. The syndicate runs EFL teaching courses of varying lengths tailored to different needs. Last year 7,000 candidates were tested at 300 centres worldwide.

So successful has UCLES been that, in some parts of the world, when you mention the name of Cambridge, people now think first of the examination syndicate, and only after that of the university.

Bethan Hutton

THE QUEEN'S AWARDS FOR EXPORT ACHIEVEMENT 1992

COMPANY	LOCATION	NAME OF PRODUCT OR DEVELOPMENT
A		
Aegis Group	London SW1	Media planning and buying
Aerocontracts	Horley, Surrey	Aircraft spares and repairs
Ano-Coil	Milton Keynes, Buckinghamshire	Aluminium coil
APV Crepaco Pumps	Eastbourne, East Sussex	Stainless steel positive rotary lobe pumps
Associated Timber Services	Newmarket, Suffolk	Timber merchants
B		
J Barbour & Sons	South Shields, Tyne and Wear	Country style clothing
Baxter Woodhouse & Taylor	Macclesfield, Cheshire	Ducting for the aircraft industry
The Binding Site	Edgbaston, Birmingham	Test kits and reagents for medical research and diagnosis
Bisley Office Equipment	Woking, Surrey	Office equipment
British Aerospace (Commercial Aircraft)	Hatfield, Hertfordshire	Commercial aircraft and spares; wings for the Airbus
British Gas On Line Inspection Centre	Cramlington, Northumberland	Pipeline inspection service
British Soap Company	Bicester, Oxfordshire	Soap
British Steel, General Steels	Rotherham, South Yorkshire	Heavy structural steel
Brittains (T.R.)	Hanley, Stoke-on-Trent, Staffordshire	Transfer printing papers
BWE	Ashford, Kent	Extrusion, cold pressure welding and wire cleaning machinery
C		
Chase Research	Basingstoke, Hampshire	Computer peripherals
Chloride Industrial Batteries	Swinton, Greater Manchester	Electric batteries
Chubb Safe Equipment	Wolverhampton, West Midlands	Safes, vaults, cabinets
City Technology	Portsmouth, Hampshire	Electrochemical gas sensors and accessories
G. Clancey	Halesowen, West Midlands	Vehicle engine components
Clerical Medical International Insurance	Douglas, Isle of Man	Insurance and investment services
Colvern	Romford, Essex	Automotive sensors and potentiometers
Compaq Computer Manufacturing	Bishopton, Renfrewshire	Computers and peripheral equipment
Compu UK t/a Computype	Hull, North Humberside	Photographic bar code printed labels
Compugraphics International	Glenrothes, Fife	Photomasks for semiconductors
Conoco	London SE1	Petroleum, coke and petroleum products
Contour Seats	Farnborough, Hampshire	Aircraft seats
Coors Ceramics Electronics	Glenrothes, Fife	Ceramic substrates
D		
Data Connection	Enfield, Middlesex	Computer software
C. Davidson & Sons	Aberdeen, Scotland	Plasterboard liner detergent board chipboard
Denge Power Projects	Milton Keynes, Buckinghamshire	Electrical power supply equipment and turnkey projects
Domino Amjet	Bar Hill, Cambridge	High speed, industrial ink-jet printers, and inks
Dowty Aerospace Gloucester	Gloucester, Gloucestershire	Aerospace equipment
Dunlop International Technology ('DITL')	Birmingham, West Midlands	Manufacturing technology transfer
Dussek Campbell, Engineering Division	Crayford, Kent	Cable filling applicators
E		
EBI Foods	Abingdon, Oxfordshire	Foodstuffs
E E S (Manufacturing)	Port Talbot, West Glamorgan	Jigs
Euromoney Publications	London EC4	Financial publishers and conference organisers
Europa Scientific	Crewe, Cheshire	Scientific mass spectrometers
F		
Fabdec	Ellesmere, Shropshire	Farm milk storage tanks
Staffware Division, Financial & Corporate Modelling Consultants	London NW1	Computer software
Format International	Woking, Surrey	Computer software for agriculture
Fortnum & Mason	London W1	Foodstuffs
Fryett's Fabrics	Clifton, Greater Manchester	Furnishing fabrics
Fulleon	Cwmbran, Gwent	Electronic sounders
G		
GB Glass Engineering	Chesterfield, Derbyshire	Glass forming equipment and technology
Gloverall	London NW2	Woollen coats
Godel, Escher, Bach	London W1	Management consultancy
GPT Payphone Systems	Liverpool, Merseyside	Payphones and cashless calling systems
Gracefern t/a Oakwood Design	Letchworth, Hertfordshire	Machinery for use in bank card manufacture
Grants of Dalvey	Alness, Ross-shire	Stainless steel giftware
H		
Helena Laboratories (UK)	Gateshead, Tyne and Wear	Medical diagnostic kits and laboratory instruments
Hewitt-Robins International	Yoker, Glasgow	Vibrating screens, feeders and shakeouts
Hoyland Fox	Penistone, Sheffield	Umbrella frames
Huntleigh Technology (Healthcare Division)	Luton, Bedfordshire	Electro-medical equipment
I		
ICI Katalco Puraspec Purification Process	Billingham, Cleveland	Catalysts and absorbents
Imatronic	Newbury, Berkshire	Laser optical products
International Additives	Wallasey, Merseyside	Animal feed flavours and sweeteners
International Aerospace	Cranfield, Bedfordshire	Flight training school
International Rectifier Co. (GB)	Oxted, Surrey	Power semiconductors
Intersolar Group	High Wycombe, Buckinghamshire	Solar-powered products
Inver House Distillers	Airdrie, Lanarkshire	Whisky
J		
JLG Industries (Europe)	Cumbernauld, Strathclyde	Aerial work platforms
R.G.C. Jenkins	London SW1	Patent and trademark agents
K		
Kemble & Company	Milton Keynes, Buckinghamshire	Pianos
Kemble Instrument	Burgess Hill, West Sussex	Laboratory instruments for analysing and diagnosis
Kyushu Matsushita Electric (UK)	Newport, Gwent	Printers, typewriters, telephone, PBX systems
L		
Linx Printing Technologies	Huntingdon, Cambridgeshire	Ink jet printers
London Business School	London NW1	Business management education
M		
Magnex Scientific	Abingdon, Oxfordshire	Magnet systems for diagnostic imaging
Jim Marshall (Products)	Milton Keynes, Buckinghamshire	Amplification equipment
Mayflower Glass	East Bolden, Tyne and Wear	Glass sculptures
MediSense Contract Manufacturing	Abingdon, Oxfordshire	Medical diagnostics
Michael Ross Group	Hayes, Middlesex	Handframed knitwear
More Fisher Brown	London E1	Solicitors
Motchman & Watkins (Theatre) t/a Edwards and Edwards	London WC2	Theatre tickets agency
N		
Neill Johnstone	Langholme, Dumfriesshire	Worsted fabrics
Newbridge Networks	Newport, Gwent	Multiplexors
Newman Martin and Buchan	London EC3	Insurance brokers
Nissan Motor Manufacturing (UK)	Sunderland, Tyne and Wear	Motor vehicles
O		
O I L	Woking, Surrey	Support services to the offshore oil industry
Orbit Valve	Tewkesbury, Gloucestershire	Valves and integrated valve control systems
Oxford Magnet Technology	Eynsham, Witney, Oxfordshire	Magnet systems for diagnostic imaging
P		
Pall Europe	Portsmouth, Hampshire	Filtration products
Pandrol UK	Worksop, Nottinghamshire	Rail fastenings
Partridge Holdings	Wotton-under-Edge, Gloucestershire	Natural history films
Pasminco Europe (Impalloy)	Bloxwich, Walsall, West Midlands	Cathodic protection systems
Penny & Giles Data Recorders	Christchurch, Dorset	Data recorders
Perfecseal	Londonderry, Northern Ireland	Medical packaging-chevron pouch
Peugeot Talbot	Coventry, West Midlands	Motor cars parts and accessories
Phase 3	near Skipton, North Yorkshire	High performance outdoor clothing
Piccadilly Shoes	Manchester, Greater Manchester	Footwear
Poker Plastics	near Moreton-in-Marsh, Gloucestershire	Plastic bicycle mudguards
Polymark Futurail	Banbury, Oxfordshire	Specialised mechanical handling equipment
R		
Remploy (Knitwear Division)	Alfreton, Derbyshire	Knitwear
Renishaw Transducer Systems	Wotton-under-Edge, Gloucestershire	Electronic measuring instruments
Richard Coulbeck	Grimsby, South Humberside	Fish
Ritrama (UK)	Eccles, Greater Manchester	Self-adhesive materials
Robinson & Hannon	Blaydon-on-Tyne, Tyne and Wear	Scrap metal processing
Rolls-Royce Aerospace	Derby, Derbyshire	Civil aero-engines and planes
Ross Breeders	Newbridge, Midlothian	Poultry breeding, livestock
L.A. Rumbold	Camberley, Surrey	Aircraft interior products
S		
SBJ Regis Low	London EC4	Insurance broking services
Schumacher Filters	Handsworth, Sheffield, South Yorkshire	Filters
Scotprime Seafoods	Ayr, Ayrshire	Seafood
Silverts	London EC1	Ladies outerwear
Specialix	Byfleet, Surrey	Computer boards
Stakehill Engineering	Bolton, Lancashire	Steel plastic laminate and plastic mouldings
Starstream t/a The Children's Channel	London WC2	TV programmes for children
T		
Technic Group	Burton-on-Trent, Staffordshire	Retreaded car and light truck tyres
Technigraph Products	Thetford, Norfolk	Litho plate processing equipment
Thermomax	Banfor, Northern Ireland	Evacuated heat pipe solar collectors
Thorn Secure Science	Swindon, Wiltshire	High security magnetic tape and tape readers
Thornton Precision Forgings	Sheffield, South Yorkshire	Precision forged and machined components
Tibbett	Wellingborough, Northamptonshire	Mens, ladies and childrens outer-clothing
Timsons	Kettering, Northamptonshire	Rotary printing presses
Tiphook	London SW1	Transport asset rental
U		
University of Cambridge Local Examinations Syndicate	Cambridge, Cambridgeshire	Administration of examinations
University of Manchester, Institute of Science and Technology	Manchester	Education and research
V		
Valpar Industrial	Bangor, Northern Ireland	Drinks dispenser tubes
Varn Products	Irlam, Greater Manchester	Chemicals for the printing industry
Vickers Cosworth Engineering Division	Northampton, Northamptonshire	Motor cars engines and components
Vikoma International	Cowers, Isle of Wight	Oil pollution control and recovery equipment
W		
Warwick International	Mostyn Holywell, Clwyd	Speciality chemicals
Williams Fairey Engineering	Stockport, Cheshire	Bridges
X		
Xtrac	Wokingham, Berkshire	Transmission systems
Y		
Yamazaki Machinery UK	Worcester	Computer controlled machine tools

THE QUEEN'S AWARDS 1992: COMPANY PROFILES

Kemble & Co

Europe welcomes mellow sound

KEMBLE & Company is no stranger to exporting. For the first two years after the second world war it was forbidden by the UK government from doing anything else.

At the time, the UK was desperately short of foreign currency, and keen to establish export markets for UK companies by stealing a march on mainland European countries whose industries were all but destroyed during the war. Mr Brian Kemble, now joint managing director of the old family business, remembers his father, who had recently returned from the war, travelling across Europe by car to sell his pianos. On his first few trips, he still wore his army uniform.

Times may have changed, and Kemble is now a joint venture with the mighty Japanese Yamaha Corporation, but the export culture remains strong. The company has gained a Queen's Award for more than doubling its export sales over three years to £5m in 1991.

The Kemble family began manufacturing pianos in a small workshop in Stoke Newington, north-east London, in 1911. Then it was a small fish in a pool of more than 200 UK manufacturers. At their peak in the 1920s British companies produced more than 60,000 pianos a year.

The industry has declined ever since, hit by a falling market and almost dealt a knock-out blow in the 1970s by an over-valued pound and strong competition from cheap imports from south-east Asia. But Kemble, once the minnow, has overtaken the bigger fishes, and absorbed some of its competitors, including such names as Chappell of Bond Street. It is now by far the largest UK producer, with 98 per cent of all UK piano exports.

More than 6,300 pianos a year roll off the production lines of its purpose-built plant in Milton Keynes, where it moved in 1969.

One year before that, Mr Denzil Jacobs, joint managing director, made the first contact with Yamaha, which had started to manufacture electric organs in competition with Hammond. Soon, the Yamaha-Kemble subsidiary formed as a result was the UK's main importer and wholesaler for the whole range of Yamaha organs and pianos.

That relationship persisted until 1984, when Kemble signed an initial agreement to start manufacturing Yamaha pianos under licence in the UK. The first models were produced in 1986. Two years later, Yamaha, looking for a European partner to be able to take full advantage of the single European market, established a full joint venture with Kemble.

Yamaha in turn invested in the Milton Keynes plant, introducing state-of-the art machinery and computer-controlled production. The factory was expanded and re-equipped and its capacity increased from 4,000 to 10,000 units a year. The development was unusual, given Japanese companies' preference for greenfield sites.

Mr Brian Kemble ascribes the success of the partnership to the combination of the traditional high quality standards and craftsmanship of Kemble, and the technological know-how of the Japanese.

Yamaha is now the biggest shareholder in the joint venture – although the exact size of its holding is undisclosed – but Mr Kemble says the company's family ethos has not been lost. If anything, it has been enhanced by the partnership.

"The first thing I did when I became managing director was to abolish the director's dining room and toilets. I didn't need the Japanese to tell me to do that," Mr Kemble says.

"We have learnt a lot from Yamaha, but we have looked in many different areas for the best practices. And Yamaha has learnt from us. In Japan, its staff are no longer obliged to wear uniforms, which was the result of our influence."

Creating a successful partnership with quality products and a state-of-the-art plant was only part of the battle. The UK piano market continues to decline – last year only 10,000 models were sold – and so Kemble was forced to turn its attentions increasingly to export, which by last year absorbed three-quarters of the company's products.

The link with Yamaha has undoubtedly proved advantageous. Around 75 per cent of Kemble's pianos are exported under the Yamaha name, and sold to Yamaha subsidiaries in France and Germany which market them in Europe. Kemble produces all the non-black upright Yamahas for the entire European market.

"The design is Japanese, but we use different components such as German sounding boards which have a more mellow sound popular in Europe," Mr Kemble says.

The remaining 25 per cent of pianos are exported under the name of Kemble or Chappell of Bond Street, and are sold through sales agents abroad, direct to retail stores. Over the past three years, Mr Kemble has had a policy of selecting "young, dynamic agents" especially in Holland and Germany – which seems to have paid dividends.

The largest export market remains western Germany, a fact of which Kemble is particularly proud given the strength of the indigenous competition – companies such as Steinway and Bechstein, as well as Bluthner of east Germany.

The second-biggest market is France, followed by Italy, Spain, Switzerland, Holland, and a number of other European countries.

Kemble is also having some success in taking on the local competition in south-east Asia, including Hong Kong and Singapore. Here, the company feels the Queen's Award will be a particular advantage.

"There are companies in the Far East manufacturing pianos with British names that are of poor quality. The Queen's award will further enhance our reputation over there. Now, if people see the logo, they will know they are getting the real thing."

Neil Buckley

Andrew Kemble, a grandson of the piano company's founder — Glyn Genin

Clerical Medical International

Isle of Man scores a first

THE AWARD for Clerical Medical International is a recognition not only for the company, but also for the Isle of Man, where it is based.

No company on the island has won an award before, even though its financial services industry is almost wholly export-led. This may have been due to the dubious reputation it had built up, mainly thanks to the collapse of the Savings and Investment Bank in 1982.

Regulation has been much tightened since then, and the Isle of Man now has a deposit protection scheme in place. It was also the first offshore jurisdiction to win designated status under the UK's Financial Services Act of 1988, which in effect recognised the island as offering the same degree of investor protection as on the mainland.

The island's new clean-cut image has led to an influx of financial services companies.

CMI, a subsidiary of Clerical Medical Investment, the Bristol-based life assurance group, was established in March 1987, and has perhaps been the most successful of the island's financial groups. It now has about 300 staff, including 170 based on the island, and sold a total of £149.5m in new product business in 1991.

This accounted for 18 per cent of Clerical Medical's new premium income last year, down slightly from 20 per cent the year before. CMI's total funds under management are now around £450m.

Dr Bill Hastings, chief executive of the island's insurance regulatory authority, is delighted by the news: "What better accolade could our sector have? This is a real first: a first for the island and a first for any life insurance company. It is a winning day for the Isle of Man, and an event for which the whole island may be proud."

It is not surprising that life insurers have failed to win exports awards in the past, as differing national tax regimes form a barrier against marketing pensions or endowment savings plans in the same way in different countries.

Linguistic barriers are also a problem, given the personal contact from salesmen which is usually necessary before consumers can be persuaded to buy life insurance.

But these arguments do not apply to offshore life companies such as CMI. Their tax position on the island is such that they would lose several privileges if their products were available to Manx consumers.

Traditionally, the prime market for such companies has come from UK expatriates – people working abroad who want a favourably-taxed resting place for their savings. However, CMI and several other life groups have broadened their sights in recent years to aim for "international investors".

For residents of any country, life funds held on the Isle of Man can roll up gross of tax. Neither income nor capital gains tax is payable. For UK citizens, tax will be only payable once these funds are brought back into the UK by someone who has worked abroad – the tax-free roll-up ensures that the tax bill will have been lessened.

This advantage also applies to foreigners working in the UK – "inpats" in the jargon. And several countries, such as Sweden, have tax regimes which allow their citizens to shelter money offshore, even going to work abroad.

The recent decisions by both Hafnia of Denmark and Skandia of Sweden to set up life operations on the island show the potential of this market.

CMI has been one of the most adroit in capturing the new market of "high net worth investors". It now has representatives in more than 60 locations in Europe, Asia and the US.

Although UK expatriates still make up the bulk of the business, about 25 per cent comes from south-east Asia – a slightly smaller proportion than for some Manx life companies, such as Royal International – while about 10 per cent comes from Africa, and 10 per cent from South America, with around 4 per cent from Sweden, and 5 per cent from central Europe.

The company's product range has also helped it to attract more sophisticated investors. Apart from the usual straightforward single premium life "bonds", and pension contracts, CMI has taken advantage of the opportunities Isle of Man regulators have allowed for innovative fund management without a life assurance element.

Thus there is a choice from straightforward deposit administration accounts denominated in US dollars or Deutschmarks, through to 24 individual equity funds investing in specific countries. CMI also offers umbrella funds, and investments which "track" the FT-All Share, S&P 500 and Nikkei 225 indices. There is also a range of trusts.

More product launches are planned for the near future. But for the time being, the satisfaction of Mr Mike Richardson, CMI's chief executive, seems justified: "Today's announcement is a tribute to the hard work and dedication of CMI's staff and to the support we have received since we established operations on the Isle of Man."

John Authers

THE QUEEN'S AWARDS 1992: COMPANY PROFILES

Yamazaki Machinery

Sniping now looks like sour grapes

THERE WILL be mixed feelings in Europe's machine tool industry about the export award for Yamazaki Machinery UK, the Worcester-based subsidiary of Japan's Yamazaki Mazak.

For Yamazaki, the world's largest producer of computer numerically controlled (CNC) machine tools, the award is an important accolade, and is particularly welcome in the midst of a recession in the machine tool industry.

Coming a year after Komatsu, the Japanese construction equipment group, won an export award for its UK subsidiary near Newcastle, it indicates the growing importance for the big Japanese mechanical engineering groups of a pan-European approach to UK manufacturing. "The company considers Europe is its market, not the UK plus exports," says Yamazaki.

However, Yamazaki's presence in the UK remains controversial, at least for some machine tool rivals. The Worcester plant began manufacturing in 1987, but has never really been accepted by the UK machine tool establishment.

And machine tool builders on both sides of the Channel still remember the £5.2m of British government money received by Yamazaki in the mid-1980s aid for the Worcester plant. The £5.2m was criticised, erroneously, as launch aid, when in reality it was an "FMS grant" available to any company introducing flexible manufacturing systems into UK manufacturing.

Winning the award might make some of the sniping look like sour grapes, and makes a mockery of charges in the mid-1980s that machine tool jobs were being created in the UK at the expense of hundreds more in Europe.

Yamazaki is now the biggest machine tool producer in the UK – and the largest Japanese machine tool manufacturer in Europe. Its export achievement is undeniable. From a standing start in 1987, exports have risen to around 85-90 per cent of turnover, which reached £63m in fiscal 1991.

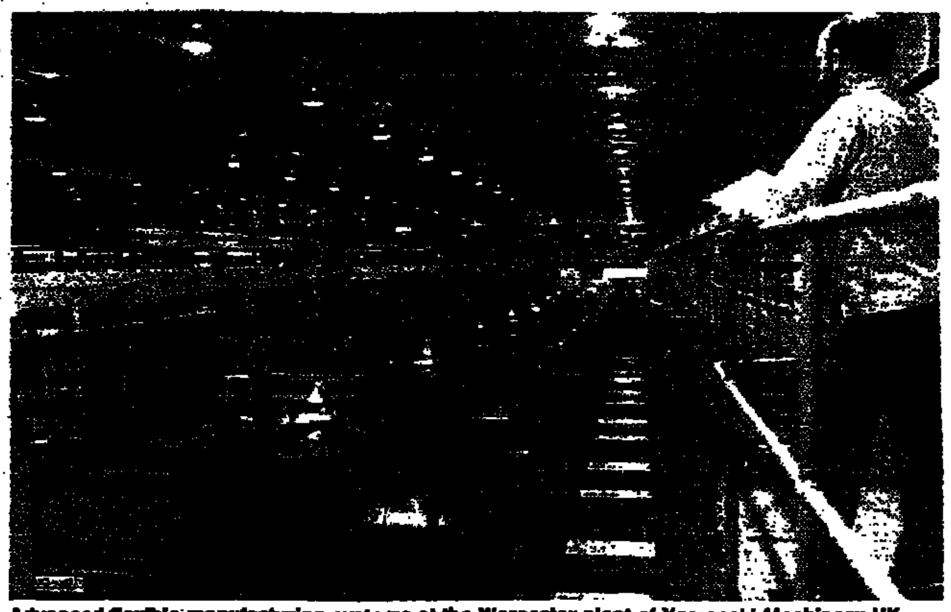
Most of the exports are for the European market – the rationale for the plant, after all, was to establish a manufacturing plant in the European Community, well ahead of the Single Market. But some exports go to the US and, especially in the plant's early days before the product range grew, even to Japan.

In 1987, the plant began producing two models, but five years later the product range has been expanded to 12 basic models of machining centres and turning centres. Two new models, a vertical machining centre and the Super Quick Turn range of machines, were introduced last year.

Employment at Yamazaki Machinery has risen to around 390 from 35 in 1986, and has fallen only marginally in the current recession. This is an achievement of which few UK machine tool builders could boast, and partly reflects the inbuilt Japanese resistance to making redundancies.

The cuts were made mainly through natural wastage, although last month the company did part company with Mr Stephen LeBeau, its sales director, in a move that surprised industry observers.

But the relatively minimal job cuts are also due to a level of manufacturing technology and organisation that allows the plant to operate at 50 per cent of capacity and still be profitable. Yamazaki, along with all machine tool builders, is suffering from the recession, but stresses that production levels have not fallen that far.



Advanced flexible manufacturing systems at the Worcester plant of Yamazaki Machinery UK

Although the effects of Yamazaki's UK manufacturing are hard to quantify, the company reckons that its presence probably directly gives employment to about one-and-a-half times as many people as it employs itself. It has also provided work for, and helped raised product quality at, a number of UK and continental European component suppliers, in line with local content agreements.

The head of one north Midlands foundry company recalls knocking on Yamazaki's door many times in the mid-1980s in the hope of finding work. But having won a contract to supply Worcester, he now also exports castings to Yamazaki in the US, and has benefited from Yamazaki's collaborative approach to boosting product quality at suppliers.

Yamazaki's presence at Worcester has also contributed to an emerging trend of investment by Japanese components suppliers. Last year, Kitagawa, the world's largest producer of power chucks for machine tools and a big supplier to Yamazaki, joined forces with Mr Tertius Threipland, a British entrepreneur, to begin manufacturing chucks at Salisbury, Wilts.

Exports at Yamazaki are likely to remain at their current level in percentage terms, but the emphasis may switch from producing smaller machines in high volume for the European market to larger machines in low volumes for the world market.

The export award is the second recent accolade for Yamazaki Machinery. In October it was selected by the Royal Swedish Academy of Engineering Sciences to take part in a "Best in the World" study of manufacturing productivity.

Andrew Baxter

SBJ Regis Low

The pursuits of non-stop brokers

LONDON MARKET insurance brokers have traditionally generated much of their business in the US and have traditionally been enthusiastic and successful exporters.

But with insurance rates depressed and the dollar weak, profitability has been eroded of late. Success increasingly depends on the aggressive pursuit of business.

And that, in a nutshell, appears to be the key to the recent profitability of SBJ Regis Low, a Lloyd's insurance broking subsidiary of Steel Burrill Jones, today awarded the Queen's Award for Export Achievement.

Regis Low's founders – Mr David Low, Mr Hugh Armytage and Mr Keith Grant-Dalton, brokers – left Seascope, another London market broker in 1982, to start up their new energy insurance broking venture from scratch.

The company's focused initially on oil rigs and other offshore installations, later diversifying into hull and cargo risks, political risks and construction insurance.

Its share of these specialised markets has grown rapidly, earning fee and commission income of £11.7m in 1991.

Three-quarters of revenues are from business generated in the US, Scandinavia, Europe, the Commonwealth of Independent States and south-east Asia. Overseas earnings have doubled in the past three years.

Regis Low specialises in so-called "wholesale" insurance broking, placing insurance programmes on behalf of retail brokers who deal directly with clients such as oil rig operators and shipping lines.

Margins are high. Some of Regis Low's competitors in the field such as Lloyd Thompson – which has had a stock market listing since 1987 and Jenner Fenton Slade – have achieved handsome rates of return.

Regis Low's profitability has been so impressive – the group earned over £4.6m in 1991 – that Steel Burrill Jones, a listed medium-sized broker, was persuaded to spend over £30m to acquire Regis last December.

The price was viewed as excessive in some quarters but SBJ, which grew at rapid pace in the 1980s, was anxious to diversify from its original specialisation in marine reinsurance – an even more volatile and high risk sector than energy insurance – and has made other acquisitions to reduce that dependence.

In addition, Regis Low's business knitted in well with SBJ's reinsurance interests: the broker can now more adequately provide insurers with a flow of business and look after its reinsurance needs.

Moreover, Mr George Boden, managing director, says he was

"Hardly a day goes by when they're not out with North American clients. It's just non-stop"

also impressed by the high energy style of Regis Low's broking teams.

"They work from the early part of the day until late at night – hardly a day goes by when they're not out with clients from North America in the evening. It's just non-stop."

Mr Boden adds that Regis Low's 130 staff "love winning and hate losing."

The company's brokers have a detailed knowledge of the London insurance market – made up by the 280 syndicates at Lloyd's of London and international companies – and place highly complex insurance programmes with a number of syndicates and insurers.

"The broker has to understand the risk, describe it, find underwriters to back it and then negotiate rates." With Lloyd's underwriters in particular wary about the risks they write after suffering heavy losses in recent years, "that can can be a sweaty business," says Mr Boden.

Richard Lapper

British Broadcasting Corporation

How the human ear copes with Wogan

THE AWARD for developing the Nicam digital stereo sound system is the fifth to be won by the British Broadcasting Corporation's engineers.

The Nicam system, already available to around three-quarters of the UK, allows the transmission of two high quality digital sound signals within the existing UHF television channel as well as the normal mono sound signal.

The two extra signals can be used to provide stereophonic sound or even a dual-language service.

The technology reduces the amount of digital information that has to be transmitted by sampling the stream of sound 1,000 times a second and cutting out unneeded information or frequencies that the human ear cannot cope with. The signal is conveyed on a new carrier using phase modulation and there is no interference with either the picture or the mono sound.

The Nicam specification was accepted as the UK standard in 1986 and recommended by the European Broadcasting Union as the European standard for digital sound with television a year later.

The standard is in use in other parts of the world – Norway, Sweden, Denmark, Finland, Spain, Belgium, New Zealand, Singapore and Hong Kong. But Germany has produced a rival non-digital standard.

"This award demonstrates the BBC's continuing continuing commitment to technical innovation," Mr Marmaduke Hussey, chairman of the BBC, says.

The origin of the Nicam work goes back to the 1960s when BBC engineers at the Kingswood Warren research centre were looking at how to deliver stereo sound to the FM transmitter network.

The result is that compact disc quality sound is now available with television and the public are starting to buy the necessary reception equipment in growing numbers.

Last year more than 900,000 Nicam stereo television sets were bought in the UK and around 550,000 Nicam video recorders.

All the signs are that before too long digital stereo sound will simply be accepted as the normal sound standard for television programmes and recordings.

Nicam was first developed to carry digital stereo sound for television in 1984 and was introduced experimentally on the BBC's transmitters at Crystal Palace in south London in the summer of 1986. The full service began at the end of August last year.

Wogan holds the record for the longest running BBC Television stereo programme. It was first produced in stereo on August 11 1987.

The first Queen's Award to BBC Engineering came as long ago as 1969 for creating a sophisticated system of standards conversion so that American television programmes could be easily coverted for showing on the UK's PAL television sets without loss of picture quality. In 1983 the BBC jointly won an award with the Independent Broadcasting Authority for the development of teletext.

The award comes as the BBC is looking at every aspect of its future role in advance of the re-negotiation of its Royal Charter which runs out at the end of 1996.

The task force on BBC technology identifies the impact of technical innovation on broadcasting as one of the key factors of which the BBC will have to take into account in the 1990s.

It recommends the creation of a new Advanced Engineering Centre and a Technical Development Board, with strong programming representation to organise the BBC's future policy in the area. And, perhaps, also to win further Queen's Awards for Technological Achievement.

Raymond Snoddy

THE QUEEN'S AWARDS 1992: COMPANY PROFILES

Baxter, Woodhouse and Taylor

From cloth to an airborne market

BAXTER, Woodhouse and Taylor has come a long way since 1836, when it started out as a cloth manufacturer in Manchester.

This year the firm has won a Queen's award for exporting super-lightweight air ducting and insulation for the aircraft industry.

"As the marketplace changes, we have had to change with it," says Mr George Sampson, sales and marketing director at Baxter, Woodhouse and Taylor.

"Thirty years ago we got into the aircraft business. Because of our expertise in manufacturing commodities in cloth, our product for the aircraft industry is basically a fabric, glass fibre," he says. The company's main business is now producing a large range of lightweight ducts for aircraft environmental control systems, which are engineered rather than fabricated. The ducts can also be used in other vehicles.

"It is a high-tech, big money but very fickle industry. If you make a promise, but break it, you are dead"

The company's products can be found in 85 per cent of the western world's aircraft, and 60 to 70 per cent of its business is carried out overseas, largely in America, where the world's airline industry is centred. Customers include such famous names as Boeing and McDonnell Douglas.

Mr Sampson attributes the company's success to quality and reliability. "It is a high-tech, big money but very fickle industry. If you make a promise, but you break that promise, you are dead," he says.

"We are almost obsessive in terms of getting out there and finding out what the customer wants, and acting immediately," says Mr Sampson. Although the company is on the opposite side of the Atlantic to many of its customers, it makes use of modern high-speed communications and transport to fill orders overnight if necessary.

In the aircraft industry, relationships are important, and can sometimes mean winning orders over lower-priced competitors. "We have an intimate relationship with all our customers. They know they can rely on us," says Mr Sampson.

The company brochure boasts that no task is too trivial, which also helps win customer goodwill, he says. The company can respond fast to a small order when an aircraft is being refitted. "Environmental control systems are always left to the very end, and half the time something is forgotten. Most of our products are almost hand-made, and therefore flexible of labour. We don't have to tool up, so we can turn round very quickly."

The company's air ducts are up to 60 per cent lighter than comparable products, giving them an advantage since extra weight means smaller profits because fewer passengers can be carried. "The product is not particularly high-tech, but it services a high-tech area," says Mr Sampson.

In spite of the recession, which has been particularly severe in the aircraft industry, Baxter's sales rose 20 per cent last year. This is partly because sales are not entirely dependent on the air frame manufacturers of new aircraft. The company also supplies parts for the refurbishment of second-hand aircraft, a sector which has expanded as spending on new aircraft has dropped. "People are spending money on used aircraft, refurbishing them to a high standard," says Mr Sampson.

The company is based at Adlington, near Macclesfield in Cheshire, and employs 300 people, mostly women, at three sites. It is considering setting up a factory in the southern states of America, near its main customers. Direct flights between Manchester and Atlanta airport have made the prospect more feasible.

Bethan Hutton

Warwick International

Washdays made more environmentally friendly

FEW homes these days would be complete without a carton of concentrated or environmentally-friendly washing powder.

The growth in the popularity of such products has been one of the clearest signs of the increased public commitment towards conserving the environment, and they are now the fastest-growing area in the European detergent industry. Additives produced by a Welsh company, Warwick International, are used in almost all of them.

Ariel Ultra, in the UK, and Dixan, in Europe, are the best-known brands containing the company's products.

Warwick, awarded a Queen's Award for export for the second time in five years, is one of only four companies worldwide (and the only one from the UK) that produces the additives essential to make such powders effective. Among these four, Warwick says it has the largest market share, although it will not reveal the precise figure for competitive reasons.

For more than 12 years it has been developing a range of biodegradable additives based on the chemical Terta Acetyl Ethylene Diamine (TAED). These have two main applications.

The first is to improve the efficiency of lower-temperature powders. Chlorine-based bleaches have been replaced by "greener" oxygen-based bleaches in most powders, but the latter do not function well at lower temperatures. Enter Warwick's bleach activators, which enable oxygen-based bleaches to work even at lower temperatures.

Lower-temperature powders consume less energy during the wash, while their concentrated forms save even more energy by requiring less packaging and being more economical to transport.

The second main application for Warwick's additives is to boost the effectiveness of phosphate-free powders. Many manufacturers have attempted to eliminate phosphates as they contribute to the growth of algae in rivers and in the sea.

"The growth of environmental awareness has been an important factor in our success," says Mr David Richards, the managing director.

"There has been a real resurgence in the past few years in the use of concentrated detergents, due to both economic and environmental factors."

Warwick sends scientists and experts on frequent trips abroad to work with local companies

Warwick International, based in Mostyn, Clwyd, also produces flame retardants for fabrics, and softeners for textiles, but detergent additives are the bulk of its business. The company's workforce has grown from 20 to more than 300 in less than 12 years. More than £40m has been reinvested in that period in new equipment and buildings.

The company's export policy, however, has also been crucial to growth. Exports accounted last year for 82 per cent of sales, and Warwick has more than doubled its already substantial export trade since it won its first Queen's Award in 1988.

One reason for this is the company's policy of sending its scientists and technical experts on frequent trips abroad to work with local companies to produce the environmentally-friendly products best suited to a particular market.

The company now has a multi-lingual sales team in the UK and places great emphasis on the need for foreign language-speakers – backed up by a network of 22 sales agents worldwide.

Of the 40 overseas countries Warwick exports to, western European markets, particularly Germany, Italy, France, Spain and Benelux are by far the largest. But Warwick is also making inroads into eastern Europe, where the need for green detergents is evident.

It is also developing business in middle Eastern countries including Algeria, Morocco, the Gulf states and Egypt, as well as in south-east Asia, Australia and New Zealand. Its next target for expansion is Latin America.

Warwick has also contributed to the regeneration of the local economy, which was devastated when the nearby Shotton steelworks closed in 1979, with the loss of 8,000 jobs – the biggest ever plant closure in Britain. In 1984, Warwick received loans worth nearly £6m from the European Coal and Steel Community to aid the expansion of its chemical works and switch from oil- to coal-fired equipment. The expansion helped to create more than 200 jobs, many of which went to former steel workers from Shotton.

Neil Buckley

Untiring exporter to Europe

FOUR YEARS after it was established, Technic Group has won an award for its success in exporting high quality re-tread tyres to EC countries and Scandinavia.

The company exports 80 per cent of its output and its largest single EC market is Germany. Its founders, Mr Phil Blood and Mr Tony Farmer, are the joint managing directors.

The tyres are produced for passenger cars and light commercial vehicles only. All are made to the same specification as those produced as original equipment, ensuring that Technic products meet European regulations.

The company's turnover has grown from £1.8m to almost £13m, while output has risen from 3,000 to 27,500 tyres a week. The company employs 130 people and production is centred on a five-acre site near Burton-on-Trent.

This year, production is set to increase by 30 per cent and 40 more employees will be taken on.

A second wave

INVER HOUSE Distillers' senior still-man at its Knockdhu Distillery, Mr Bill Pennet (right) was in a celebratory mood after learning that the company had won an export award. Inver House has increased its overseas sales by an average of 20 per cent for the past four years. Over 90 per cent of its production goes overseas.

"Inver House is leading the second wave in the growth of the Scotch whisky overseas market," says Mr Bill Robison, the company's chairman and chief executive. "We possess one of the strongest distribution networks available to any independent distiller," adds Mr Graeme Thomson, the sales and marketing director.

Since its management buy-out in 1988, Inver House has acquired two Speyside distilleries and entered into joint ventures with international distributors, including Barton Brands of Chicago and Distilleries Ryssen of France.

The company's brands include Catto's, MacArthur's, Hankey Bannister and Coldstream Gin.

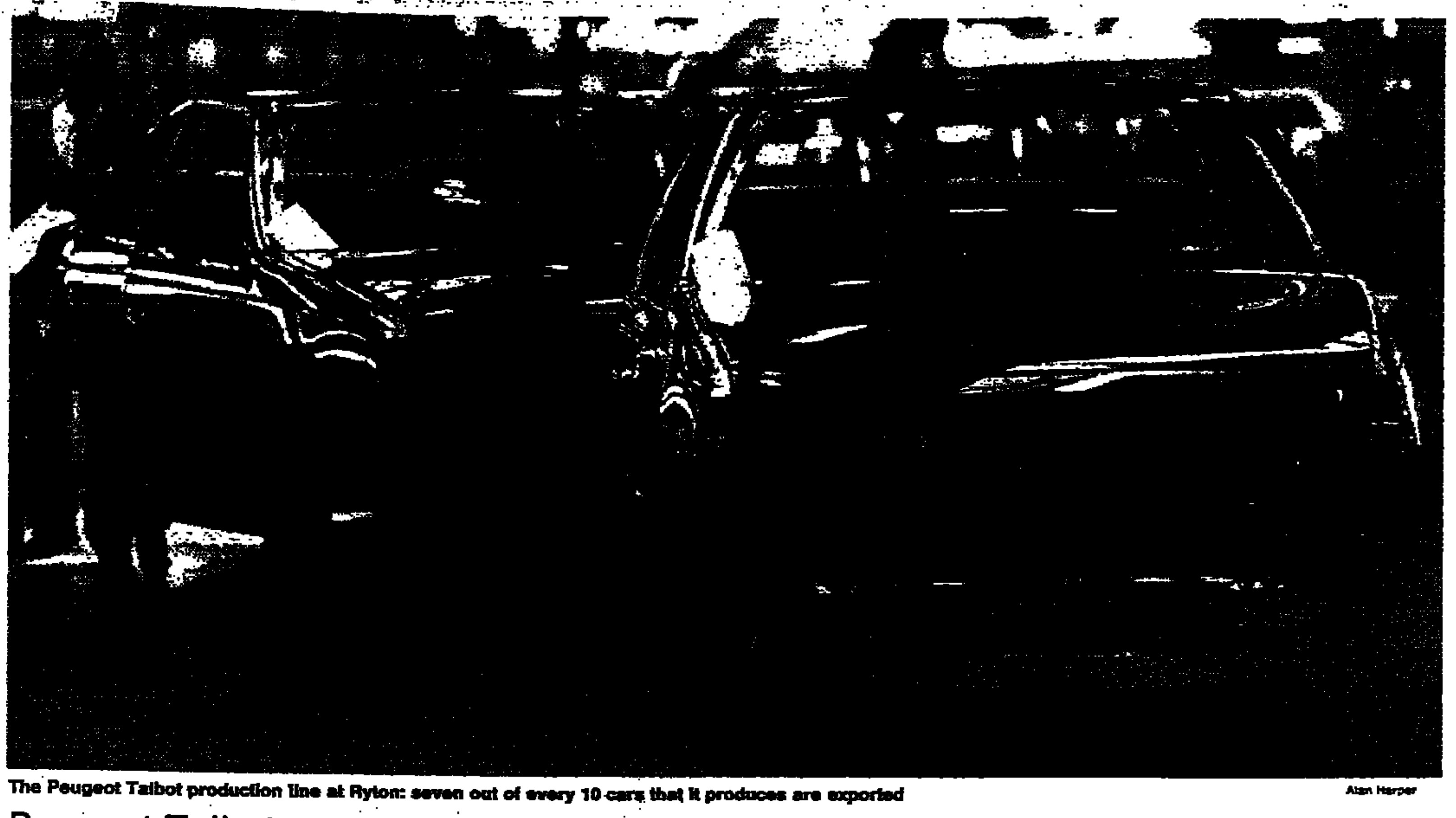
Payphones for all sorts

IT'S SECOND time lucky for GPT Payphone Systems. Last year, it won the Queen's Award for Technology, and this year the company – 60 per cent owned by GEC and 40 per cent by Siemens of Germany – received the award for its exports. More than 70 per cent of the payphones produced at its factory in Chorley, Lancashire, are destined for overseas markets.

These phones are sold to more than 50 countries, including Kuwait, China, the US and Australia. In addition to the payphones – all sorts of coin, smart and credit card phones – the company supplies the payphone cards. Use of these has rocketed – GPT's output is nearing the 100m mark.

The company's cashless calling system, which won the award last year, allows telephone calls from payphones without using coins. Standard credit and banker's cards may be used and the billing is charged to the user's credit card, banker's card or telephone account.

THE QUEEN'S AWARDS 1992: COMPANY PROFILES



The Peugeot Talbot production line at Ryton: seven out of every 10 cars that it produces are exported

Alan Harper

Peugeot Talbot

The other side of a net importer

LAST YEAR, the UK's balance of trade deficit on motor vehicles shrank sharply from more than £6bn to about £1.5bn. Much of the fall was due to a UK new car market collapse, preventing the usual high volume of imports from being sucked in.

Even so, Mr Geoffrey Whalen, UK motor industry veteran, past president of the Society of Motor Manufacturers and Traders, and Chevalier de la Legion d'Honneur, could derive much satisfaction from the export contribution made by Peugeot Talbot, the French vehicles group's UK subsidiary, of which he has been chief executive for nearly a decade.

It is that contribution, notably the overseas shipment in recent years of seven out of every 10 cars that Peugeot Talbot produces at its Ryton plant near Coventry, which has led to its receipt of the Queen's Award for exporting.

Along the way, and partly as a reflection of its colourful, varied and sometimes troubled past, Peugeot Talbot has developed markets for its cars and parts not just in France and other EC states, but in Australasia, south-east Asia, Africa and Pakistan. New markets are being found in eastern Europe, one of the world's main potential growth areas for vehicles – at least in the long term – with Hungary and Czechoslovakia among the company's Peugeot Talbot's early targets.

In unit terms, the company's export contribution last year amounted to 60,000 cars – all versions of the Peugeot 405, the medium-sized saloon which is the only model currently produced by Peugeot Talbot's 6,000-strong UK workforce.

To put that in context, total output at Ryton was 87,000 cars, so the precise export content was just under 69 per cent. The previous year, before the UK market began collapsing, Ryton built 116,000 cars, of which more than 81,000 went for export. These UK-built 405s went to a total of 20 countries, although numerically by far the greatest proportion went to France and other EC states.

Despite the award, in financial terms Peugeot Talbot almost certainly remains a net importer. Its rapidly rising market share in the UK – currently around 7 per cent – means that last year's UK sales of around 112,000 units were met by 17,000 UK-built 405s and more than 90,000 Peugeot 205, 309 and 605 models imported from Peugeot's continental plants. In addition, many of the parts used to produce the Ryton-built cars are imported from the Continent.

Given that in the early 1980s there were strong doubts as to whether Peugeot Talbot had any kind of manufacturing future in the UK, however, the company's achievements are not to be underestimated.

Born out of the French parent's takeover of Chrysler's deeply-troubled European activities in the late 1970s, Peugeot Talbot inherited in the UK, for example, the ill-fated Linwood plant in Scotland and lacklustre models such as the Hillman Avenger, Sunbeam and Alpine – plus a valuable contract supplying Peykans (essentially rebadged Hillman Hunters) to Iran in quantities which at their peak hit 100,000 a year.

Linwood's closure, the Iranian revolution and shrinking UK sales had by 1983 created a pretty grim picture. The decision to withdraw all design and development activities from the UK inevitably created fears that Peugeot Talbot would become just a sales company for foreign-built Peugeots.

Peugeot agonised, looked at the industrial relations improvements being nurtured by Mr Whalen in his initial role as personnel director – and decided to invest £30m in re-equipping Ryton to produce a fully competitive car, the Peugeot 309. By 1987, far from manufacturing disappearing from Ryton, there was talk of putting on a night shift. Two years later, with the larger 405 proving one of Europe's major success stories, Ryton was dedicated to producing the 405 exclusively.

Next year, however, Peugeot Talbot's own balance of trade pendulum should be swinging sharply towards the positive once more: Ryton is to become a two-model plant again, building the replacement for the 309 as well as the 405. When, as expected, the good times return to the UK new car market towards the mid-1990s, Peugeot Talbot is expected not only to have the capacity to make 200,000 cars a year, but actually to be using it.

John Griffiths

Aegis Group

Shift from advertising to a media strategy

ONE OF the more unusual awards this year is to Aegis Group, the holding company for the world's largest group of media buying and planning specialists. Aegis is quoted on the London, Paris and New York stock markets but its more familiar wing for clients is Carat, the operating network and brand name of the company.

Given that, on average, 85 per cent of the cost of any advertisement is the space it occupies and the other 15 per cent is its production costs, planning for the best and most cost-effective media space is of considerable importance to both advertisers and advertising agencies.

First established in 1979, Aegis has managed to more than double its export earnings over the past three years, at a time when advertising revenue globally has come under considerable pressure. Overseas revenue now accounts for 95 per cent of Aegis' income, mainly via overseas subsidiaries operating under the name Carat. For the financial year 1991 Aegis reported turnover of £2.109bn (exceeding the £2bn mark for the first time), and pre-tax profits of £55.2m.

However, Aegis has not been entirely untouched by the general downturn in advertising revenue – the pre-tax profits were 19 per cent below those of the previous year, the first full-year decline since the company went public eight years ago. That fall was partly attributable to a 1 per cent drop in European advertising revenue, the worst performance for a decade. Nevertheless, Aegis is organically growing. It now has more than 50 offices in 18 countries, employing over 1,700 people. It has opened branches in Prague, Budapest, Warsaw and Moscow.

Mr Roger Parry, development director, believes that Aegis's award is the first to have been given to an advertising agency or media buying specialist; it is an uncommon award for service companies generally.

Peter Scott: "We like to think of ourselves as European"

Mr Peter Scott, chairman of Aegis and Carat's chief executive, says: "For the past three years the Aegis team have worked hard to build Carat as Europe's leading media planning and buying network ... Carat is now clearly established as Europe's leader with billings in 1992 estimated at more than $6bn, giving us a market share of 12 per cent. We like to think of ourselves as a European rather than simply a British company, but we are very honoured to receive the Queen's Export Award and pleased to have the recognition of our success in creating a truly international company."

Aegis started life as WCRS in 1979 as a conventional advertising agency, re-christening itself Aegis in 1990 and gradually weaning itself away from advertising and into media buying and planning. It suffered in the 1987 stock market crash – along with so many other advertising agencies – and its acquisition-led growth slowed. The company was too small to compete with international networks such as Saatchi and Saatchi or WPP and Mr Scott decided to shed its advertising elements and concentrate solely on media strategy; Aegis's advertising operations are due to be phased out by the end of 1995.

The move away from "pure" advertising and into media strategy has so far has proved successful, though it initially attracted some shocked cries from advertising agencies.

The European media buying market is at the moment moving towards increasingly concentrated buying through the formation of "clubs" – separate advertising agencies forming tactical links to purchase large volumes of media space and squeeze discounts from media owners. With such a network already, Aegis is well-placed to compete with such clubs.

The future of the group is to some extent dependent on an easing of the recession, though Aegis itself predicts only 2 per cent growth in advertising revenue for 1992. One of the more promising areas is likely to be Carat's sponsorship business, as advertisers turn increasingly towards event sponsorships to make themselves more visible in a world of increasingly fragmented media and expanding advertising clutter.

Gary Mead

THE QUEEN'S AWARDS FOR TECHNOLOGICAL ACHIEVEMENT 1992

COMPANY	LOCATION	NAME OF PRODUCT OR DEVELOPMENT
A		
Escalator Division of APV Baker	Peterborough, Cambridgeshire	Heavy duty public service escalators
Acorn Computer Group	Cambridge, Cambridgeshire	ARM-32 bit low cost RISC processor
Amerada Hess	London W1	Floating production facility for offshore production of oil and gas
Pharmaceutical Division of Amersham International	Amersham, Buckinghamshire	Ceretec, brain imaging agent
Andergauge	Aberdeen	Adjustable stabiliser for drilled oil wells
B		
Babcock Energy	Renfrew, Scotland	Low NOx axial swirl burner
British Broadcasting Corporation: Engineering Directorate	London, W12	Stereo sound television (NICAM 728)
British Gas: Midlands Research Station of Research and Technology Division	Solihull, West Midlands	Regenerative burner system for fuel fired furnaces
C		
Cotswold Pig Development	Rothwell, Lincolnshire	Genetic improvement of litter size in pigs
Crosfield Electronics	Hemel Hempstead, Hertfordshire	Computerised pagination system
D		
Optical and Display Science Division of the Electronics Division of the Defence Research Agency	Malvern, Worcestershire	Advanced mixtures for liquid crystal displays
Double R Controls	Heywood, Lancashire	In-Line certification of magnetic media
F		
Filtronic Components	Shipley, West Yorkshire	Microwave switched multiplexer
G		
Glaxo Group Research	Greenford, Middlesex	Cefuroxime axetil, an orally active broad spectrum Beta-lactamase resistant antibiotic
H		
Hotwork Development	Dewsbury, West Yorkshire	Regenerative burner system for fuel fired furnaces
I		
IBM United Kingdom Laboratories	Winchester, Hampshire	Mathematically based computer software system
Insecticide Project Team of the Research and Development Department of ICI Agrochemicals	Haslemere, Surrey	Synthetic pyrethroid insecticides
ICI Pharmaceuticals	Macclesfield, Cheshire	"Diprivan", an injectable general anaesthetic
Electrical Projects Group of In-Spec Manpower & Inspection Services	Dyce, Aberdeen	Non-invasive fault diagnosis in AC induction motors
L		
Lucas Nitrotec Services	Birmingham, West Midlands	Nitrotec process to uprate engineering performance of low alloy steels
M		
Stanmore Unit of Marconi Electronics	Stanmore, Middlesex	Integrated microwave receiver for satellite television
Industrial Chemical Division of Merck	Poole, Dorset	Advanced mixtures for liquid crystal displays
Mercol Descaling	Chesterfield, Derbyshire	Epoxy resin process for refurbishing potable water mains
O		
Ometron	London SE26	Vibration pattern imager
Oxford Lasers	Oxford, Oxfordshire	100W copper laser
Oxford University Computing Laboratory	Oxford, Oxfordshire	Mathematically based computer software system
P		
Peboc	Anglesey, Gwynedd	N-chlorophthalimide, a major pharmaceutical intermediate
Pilkington Communication Systems	Rhyl, Clwyd	Optical backplane connector for cable termination
Portakabin	York, North Yorkshire	Pullman series of relocatable buildings
R		
Racal Radar Defence Systems	Chessington, Surrey	Radar identification system for defence purposes
Rank Taylor Hobson	Thurmaston, Leicestershire	Form Talysurf Series of measuring gauges based on computer technology
Rover Group: Rover Power Train	Longbridge, Birmingham, West Midlands	The K Series Engine
S		
Shelbourne Reynolds Engineering	Bury St Edmunds, Suffolk	Machinery to harvest small grain and seed crops (joint award)
Silsoe Research Institute	Silsoe, Bedfordshire	Machinery to harvest small grain and seed crops (joint award)
SmithKline Beecham Pharmaceuticals Research and Development	Epsom, Surrey	Bactroban, an antibiotic for bacterial skin infections and elimination of nasal staphylococci
T		
TSL Group	Wallsend, Tyne and Wear	High purity quartz powder and ingots
V		
Vector Fields	Kidlington, Oxford	Software for electro-magnetic device research
VideoLogic	Kings Langley, Hertfordshire	Full motion digital video adaptor for personal computers

Glaxo

Taste of triumph once again

GLAXO, the pharmaceuticals group and the UK's biggest company by market capitalisation, has won its fifth award for technology with its antibiotic, Zinnat.

Zinnat was developed because other drugs in its class needed to be injected and were therefore of little use outside the hospital environment. In addition, bacteria were building up resistance to existing antibiotics, such as penicillin, which were proving increasingly less effective.

The challenge for Glaxo was to develop a drug that was:

- pleasant to swallow. The active ingredient within Zinnat, Cefuroxime Axetil, had an extremely unpleasant taste.
- stable in water so that it retained its potency within the stomach and gut.
- resistant to the enzymes in the gut but which could be ingested effectively into the body.
- quick acting once it had been taken into the bloodstream.
- without any toxic by-products and therefore without serious side-effects.
- able to resist Beta-lactamase, a substance excreted by bacteria which prevents some antibiotics working effectively.

Glaxo believes it tested as many as 10,000 different formulations at its Greenford research centre in north-west London over a period of about six years before it discovered the right drug.

Its pharmacists also invented a new process to manufacture a wax coating around the drug. The coating was not unpleasant to taste but dissolved when required in the gut to release the active ingredients.

Since it was launched in 1987, more than 25m people have been treated with the drug. Zinnat is used for a large number of infections, ranging from upper respiratory infections such as tonsilitis and sinusitis, to urinary tract infections and gonorrhoea.

Clinical trials showed that cure or improvement is achieved in more than 88 per cent of patients with lower respiratory infections and more than 90 per cent of patients with gonorrhoea. Zinnat also has a low incidence of side-effects.

More than £500m of sales have been generated by the drug since its launch, which, according to Glaxo, makes its the second best-selling antibiotic in its class.

Previous awards for technology were for Ventolin and Becotide, the asthma drugs, Zantac, an ulcer treatment which is the world's best-selling medicine, and Fortum, another antibiotic.

Glaxo has spent nearly $4bn on research and development over the last 10 years. In the last fiscal year alone, Glaxo spent $880m on research and development and is expected by analysts to spend more than $1bn – more than any other company. Its nearest rival is probably Merck of the US.

Paul Abrahams

Mercol Descaling

The prospect of fewer road holes

GAPING holes in city streets for days on end while water mains are replaced may be a less common sight in the future.

Crumbling and scaled-up water mains had become a curse of many British cities, but Mercol, a Chesterfield company, has developed a possible solution to the problem. It has developed an epoxy resin that can be used to line the inside of pipes, and a quick and efficient way of applying it. The invention has won the Queen's award for technology.

Mercol has been in existence since 1937, when its main activity was manufacturing degreasants and descalers for heavy industry. It later moved into refurbishing water mains, and developed a successful asphaltic bitumen lining for mains in the 1960s – the first direct application method for spray-applied linings.

By the late 1970s, however, it was clear that the days of the bitumen system were numbered. Its quality was variable, and its lifespan insufficient, so Mercol set about developing a new product.

It came up with Geopox GX014, an epoxy resin made up of two constituent parts which harden when they are mixed – rather like some commercial adhesives. Every aspect of the new material was tested and field trials were conducted over nine years. The final 18 months were spent on toxicological tests at the Department of the Environment's water research centre in Swindon, to ensure that none of the chemicals in the resin would leach out into water.

"This is probably the most durable lining you could have," says Mr Noel Miller, Mercol's chief executive, "Tests have shown that it should be sound for 100 years without any deterioration."

Before the system could be fully approved, the DoE insisted that Mercol should develop an independent monitoring system which could be fitted to the machine applying the lining to ensure uniform quality and adherence to quality standards throughout the application process.

In response, Mercol developed a positive displacement meter capable of accuracies of better than 1 per cent in all conditions. These meters are fitted to all lining rigs.

When a section of main needs lining, it is no longer necessary to dig up the road. Besides the time saving, and the reduction in disruption to supplies, the process is 75 per cent cheaper than relaying a water main.

Mercol has completed a number of contracts in Tyne and Wear, Kent and Yorkshire. It already supplies six of the 20 contractors who carry out this kind of work. Last year, its turnover was around £6m, although a profit figure is not yet available.

The Mercol process is not suitable for every type of situation. Some mains are simply too weak to be re-lined. But so far the company has been able to use its process in 95 per cent of the cases referred to it.

Neil Buckley

Amerada Hess

Small oilfields made viable

EVER SINCE it was discovered in 1975, the Ivanhoe oilfield, in the North Sea 110 miles north-east of Aberdeen, had been deemed uneconomical to exploit.

Given the immense cost of constructing and installing equipment to produce oil, the field was simply too small. Only when the neighbouring Rob Roy field was located in 1984 did it begin to look feasible to exploit the two together.

But in 1986 another blow struck. The oil price tumbled, and Amerada Hess (AHL), the company with the rights to exploit the fields, was forced to think again.

Undaunted, its designers managed to cut the cost of the project from £480m to £340m, with an innovative plan to refurbish an existing floating platform to exploit the fields.

Six years later, with both fields now producing, AHL has won a Queen's Award for technology for its floating oil and gas production facility – perhaps the largest single project to win an award this year. This is the first time in the world that gas had been exported from a floating platform, and that two geographically separate fields have been exploited simultaneously from such a facility.

Amerada Hess was one of the first oil companies to become involved in the North Sea in 1964, when licensing of offshore fields began. It is now, according to a recent survey by County NatWest, the UK's eighth largest oil and gas producer in the UK, employing nearly 600 people in London, Aberdeen and offshore.

In addition to the Ivanhoe,

Then the largest structure to enter the Tyne, after reinforcements it was the certainly the largest to leave

Rob Roy and Hamish fields, it operates the Angus field, which came onstream at the end of last year, and the Scott field, one of the largest in the North Sea, which comes onstream in 1993. It has interests in a further nine oilfields and four gas fields.

AHL acquired an interest in Ivanhoe and Rob Roy when it purchased the oil and gas interests of Monsanto Petroleum in December 1985. The company took over operation of the consortium which owned the two fields – which also includes Deminex UK Oil and Gas, Kerr McGee Oil and Pict Petroleum – and undertook to develop the fields on behalf of the group.

The first step was to find a suitable semi-submersible platform for re-fitting. The chosen vessel was the Sedco Phillips SS, formerly a flotel used to carry out maintenance work on platforms in the North Sea, which was renamed AH001.

If the name was slightly short of imagination, the project was not. AH001 was taken to Nigg Bay in Scotland, where redundant equipment including a 350-tonne revolving crane, and the existing generators and accommodation modules were ripped from the deck. Two new 1,000-tonne cross-hull pontoons were fitted to the structure to improve stability.

Then it was taken to Tyneside, where, at 12,500 tonnes, it was then the largest structure ever to enter the Tyne. Eighteen months later, after a further 2,500 tonnes of equipment had been removed and replaced with nearly 6,000 tonnes of structural reinforcements and oil and gas processing equipment, it was certainly the largest to leave.

While the platform was being transformed from a floating hotel and repair shop into a fully-operational oil and gas platform, drilling work was under way 70 nautical miles out to sea, and 140m under water. By the time the AH001 was towed out to sea in April 1989, it was ready to be linked by flexible pipelines to three underwater manifolds connected by more pipelines to the various oil and gas wells.

An export pipeline to carry oil the 25km to Occidental's Claymore A platform, where it connects with a trunk pipeline to the Flotta Terminal in the Orkneys, was already in place, as was a 14km gas line to Texaco's Tartan platform, from where gas travels along a pipeline to the St Fergus terminal on the east coast of Scotland.

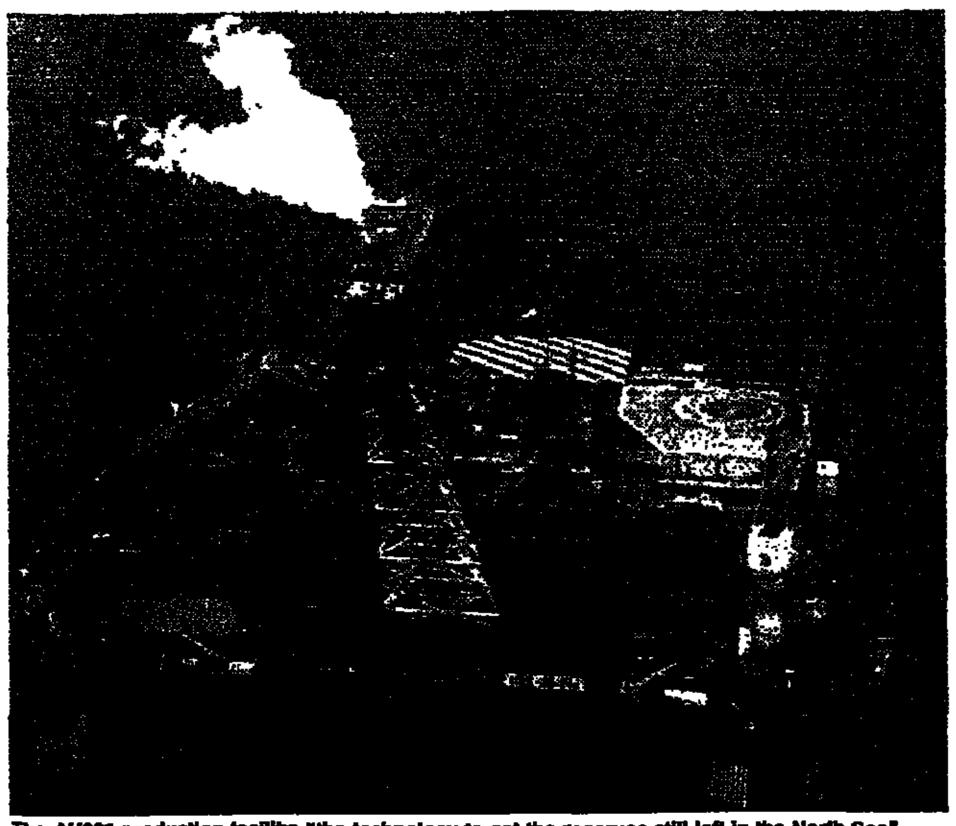
Safety measures also have a high priority on the platform. Blast walls have been fitted between the accommodation and the gas compressor train – potentially the most dangerous area – which have been situated as far apart on the deck as possible. Emergency shutdown valves, used to turn off the oil and gas supplies in the event of an accident, are protected by special steel platforms, and an enclosed lifeboat area fitted with an emergency incident control room gives additional protection should the platform need to be evacuated.

The project came onstream in July 1989, within budget and ahead of schedule. Gas was first exported a month later, and in 1990 the small satellite field Hamish was also hooked up to the AH001's facilities. Remarkably, only a year passed between the discovery of this field and its coming onstream – proof of the versatility of AH001.

Mr Sam Laidlaw, AHL's managing director, says such floating platforms will increasingly become a feature of North Sea oilfields.

"The average size of fields is clearly going to get smaller, and this type of floating technology that can be re-used and shifted from field to field is going to be essential to get the most out of the reserves left beneath the North Sea."

Neil Buckley



The AH001 production facility: "the technology to get the reserves still left in the North Sea"

Oakwood

Credit for success goes to workforce

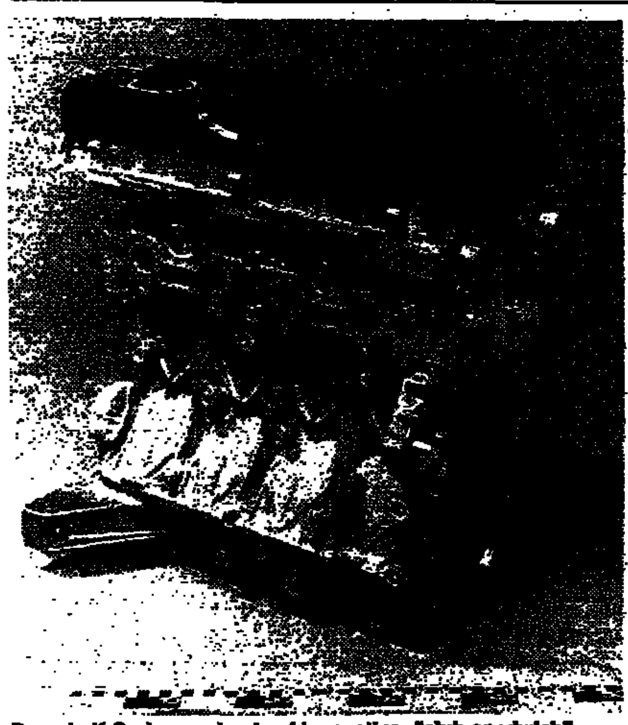
FIVE YEARS after winning a Queen's award for export achievement, Oakwood Design of Letchworth, Herts, has done it again. The company designs and manufactures bank-card production machinery.

Oakwood claims to be at the *forefront of the latest* "smart card" developments which require micro-chips to be embedded in the cards, as well as the card fraud-busting technique of embodying digitised photo images onto bank cards.

Marketing efforts in the former eastern bloc are beginning to pay off, says the company, with new markets established in the Commonwealth of Independent States, Hungary and Czechoslovakia. Other potentially profitable regions being targeted include Saudi Arabia, South Africa and Taiwan.

In 1987 the company exported just 58 per cent of its £1.6m turnover, and this has grown to 86 per cent of last year's £5.4m sales total.

Mr Richard Smith, managing director, says it is greatly to the credit of his 70-strong workforce that Oakwood's products are in daily use in high-volume card-producing nations such as the US, Canada and Western Europe.



Rover's K Series engine is of innovative, "club sandwich" construction. Its four layers are held together by 10 bolts running from top to bottom

Rover Group

An engine for the future

ROVER GROUP'S K Series engine has now won its second major accolade since it was unveiled 2½ years ago as the unit destined to power a significant part of Rover's car range for the 1990s.

The all-aluminium, powerful but very lightweight engine – inevitably dubbed "Special K" by the enthusiastic motoring press – was also a recipient of the UK Design Council's British Design Award early last year.

Already used in the Rover 200, 400 and Metro ranges, the K Series is expected to expand into yet larger, more powerful – possibly even supercharged – variants to power as-yet still secret new Rover models.

Currently the overhead camshaft engine is produced in three versions: a 1.1 litre giving 60 bhp at 6,000 rpm, a 1.4 litre producing 75 bhp at 5,800 rpm and a 1.4 litre fuel-injected 16-valve high performance option developing 95 bhp at 6,250 rpm.

Developed over five years and the subject of a £30m development programme, as well as £120m to produce it on highly automated but flexible lines at Rover's Longbridge plant at Birmingham, the engine has been praised for a whole string of attributes.

- According to Rover, servicing costs over four years will prove to be less than half those for less advanced engines of similar size and power.
- The toothed rubber camshaft drive-belt is claimed to be good for 100,000 miles, twice the norm, and tappets are self-adjusting.
- There is only half the usual volume of coolant, so the engine warms up much faster on cold mornings.

However, what really captured the Queen's Award for Technology assessors' imagination was the ease with which the engine can be assembled; in construction terms it is the engineering equivalent of an American club sandwich.

One of the problems with making an engine in aluminium is that, ordinarily, a greater volume of material needs to be used to achieve the same strength as cast iron, so that it is possible to wind up with an engine just as heavy as an iron block unit, but a lot more expensive.

So, unlike conventional engines, the K Series is made as a four-layer sandwich comprising, from top to bottom: cylinder head, cylinder block, crankcase and main bearing supports.

All four are held together with ten, 16-inch steel through-bolts. In practice, this means the engine is exceptionally strong as well as light and easy to assemble.

Another advantage of the through-bolts is that they absorb all the major stresses from the reciprocating parts of the engine, eliminating bore distortion and enhancing engine efficiency and durability. The relative simplicity of the concept also means lower bulk and weight.

The K Series stands as something of a tribute to Rover management's determination not to give up its own engine design and development capability during its long and difficult path to privatisation during the 1980s, and even though it is now in close partnership with Honda – one of the world's best engine developers – with which it now has cross-shareholdings.

Whether Rover will ever again embark on a "ground up" engine programme, however, remains an open question.

Judged by its predecessor, however, the K Series should have a life well into the 21st century.

The K Series replaced, in the Metro, one of the most venerable engines – the A Series – in motor industry history.

First designed in 1949, the 'A' powered the Austin A30 and Morris Minor in the early 1950s. In 1959 Sir Alec Issigonis turned it through 90 degrees and installed it in the Mini.

Thirty three years on, in much more powerful, fuel-injected form, it is still powering the Rover's "flying shoe-box", the Mini Cooper.

John Griffiths

THE QUEEN'S AWARDS 1992: COMPANY PROFILES

IBM UK/ Oxford University Computing Laboratory

It's hard to explain, but Z is much clearer than English

IT MIGHT not be very easy to understand, but Z notation has quietly spread its influence to computerised applications in in daily use by people across the world.

In conjunction with a programming application called the Customer Information Control System (CICS), it has saved costs, improved quality and reliability – and been driven by an impressive collaboration between academia and industry.

At least the assessors of the Queen's award for technology managed to wade through sufficient technicalities in their decision to present a prize jointly to IBM UK Laboratories and Oxford University Computing Laboratory (the first time a university department has won a second award).

For most people, comprehension of CICS and Z notation rapidly fades away. "It's always a problem trying to explain," sighs Mr Tony King, a press officer with IBM, wearily. "It's something invisible, but used unknowingly by millions every day."

CICS, which Mr King calls "one of the most successful pieces of hardware in the world", is a family of software products used for managing business information involving a large volume of transactions.

It is "enabling" software which exists between the operating system that drives computer hardware and any specific computer program designed for a particular application.

It is designed to process great quantities of information with accuracy, integrity and speed. It is an essential part of the driving force behind cashpoint machines, and crops up in retail, insurance, airline and a wide range of other applications.

CICS, which was developed by IBM, has been in use for a number of years, with initial applications during the 1970s. The IBM Laboratories at Hursley Park in Hampshire – which previously won a technology award in 1988 for entirely different work – employ 1,500 people and have had worldwide responsibility for CICS since 1975.

As demands for the use of CICS grew more sophisticated and complex – driven by developments in both hardware and software – programmers faced difficulties. Limitations in the techniques they were using to prepare the code restricted their ability to take advantage of the latest developments.

The main problem was that the specifications for CICS – the requirements and instructions used as the basis on which the program is written – were being drawn up in the English language. With the latest versions of CICS running to 800,000 lines of program code, English was fast proving itself not up to the task.

"English is ambiguous, woolly and incomplete," says Mr Paul Mundy, a development programmer for CICS at IBM. "When you use it to write a description of what's going to happen, it is liable to different interpretations and it may leave things out. It is often far too sketchy."

At the same time, he stresses, any attempt to use a simpler, higher level computer code instead of English is also fraught with problems. "When you write something in a pseudo-code, you have already taken some of the decisions about how the software will work."

The challenge was overcome after a chance meeting at a conference in 1981 between Mr Tony Kenny, CICS manager at IBM, and Professor Tony Hoare, of the programming research group at the Oxford University computing laboratory.

An initial research contract has been expanded and developed ever since, forging a collaboration that has now been in operation for more than a decade.

The Oxford team were had been developing a theoretical,mathematically-based language called Z notation, which is based on elementary set theory and logic. With IBM, they had the chance to test it out with a major industrial application.

By working together with IBM's software engineers, the Oxford academics could examine CICS and gain a detailed understanding of its operations and future requirements. They were able to modify and expand Z notation as a result.

"With Z you are much more certain," says Mr Mundy. "You have an unambiguous, understandable, complete description of what is going to happen. It is abstract and doesn't force you to make any design decisions. Problems can be found much earlier and more cheaply."

Even so, Z still allows the use of English alongside more mathematical concepts. "It's not just a bunch of hieroglyphics," he says.

The first product launched using Z notation to specify the CICS requirements showed both a significant increase in quality and a reduction in development costs.

Z itself has not had to evolve very far since the early days. But it has been extended as CICS continues to be transformed over time. Work is now under way to standardise Z, with a draft version being prepared for the British Standards Institute.

"The work that has won the award is at the frontiers of software development," says Dr Geoff Robinson, director of the IBM Hursley Laboratory. "We are proud and grateful to have been associated with Oxford University. I believe will continue to be a partnership of great mutual benefit."

Prof Hoare at Oxford adds: "Our long-term partnership has contributed simultaneously to commercial advantage, to the progress of pure science and to the improvement of academic education."

Andrew Jack

Rest of the world gets the sun

SOLAR-POWERED goods, which generate electricity "out of thin air" all over the world, even from the UK, are exported by Intersolar Group of High Wycombe, Bucks. Of the group's £4.6m annual revenues, exports account for more than 90 per cent.

The group's systems are used in Africa, South America and the Middle East, as well as Europe and Antarctica, while its consumer products are sold in most of the developed markets of the world, including Japan and the US.

Intersolar is an independent group: 50 per cent of its equity is owned by Mr Philip Wolfe, chairman and chief executive, and Mr Philip Bouverat, commercial director, who says he has been round the world eight times in the past three years.

Five's shattering success

WITH ONLY five full-time employees, the engineering division of GB Glass has won an export award. Last year the division, based in Chesterfield, Derbyshire, undertook only three major contracts, but these were worth a total of £3.14m. The company is a specialist in the manufacture and commissioning of large-scale glass manufacturing plants in the third world.

GB Glass is jointly owned by Siemens of Germany and Thorn-EMI. In addition to Chesterfield, there are plants at Harworth, near Doncaster and Newcastle.

The company's biggest order has been for a £2.3m plant for China. In the three years 1989-91 covered by the award, GB Glass Engineering won export orders worth more than £8.26m.

Dr John Webb, Cotswold Pig's genetics director (left) and Robin Shannon, managing director

Cotswold Pig Development

Breeders can benefit from Blup statistical predictions

A sophisticated computer-dating system for pigs has won Cotswold Pig Development an award for technological achievement.

The Lincolnshire-based company has developed a breeding scheme to speed up genetic improvement in pigs and produce the consistently leaner, healthier pork that international markets now demand.

It enables the performance, in terms of speed of growth and litter size, of the same genes on different farms to be compared for the first time, in effect separating hereditary and environmental influences. It uses a statistical technique, best linear unbiased prediction (Blup), which makes calculations based on detailed computer records kept on each pig's ancestry, development and habits.

Once ideal mates to produce the next generation have been selected by the computer, the Cotswold system loses its similarity with blind dating agencies. Genes with desirable characteristics are brought together through artificial insemination. This means that genes can be spread around the country without having to move the animals, making the process much faster.

Dr John Webb, genetics director at Cotswold Pig Development, says that he is carrying on a long tradition. "Britain is pig breeder to the world. Britain invented the science of breeding," he said. Cotswold has updated what pig breeders have been doing for centuries, and made the process far more accurate.

Cotswold is the first livestock company to win a Queen's award for technological achievement, but according to Dr Webb, the pig breeding industry is a fertile ground for technological innovation. "It is a small industry, high-tech, very competitive, with a very short technology transfer time. Because it is so competitive, it forces companies to get the technology in as soon as possible," he says.

The system which has won Cotswold the award was developed from technologies which have been available for a long time. "Really, we have taken two technologies and married them. One was Blup, the other was artificial insemination," says Dr Webb. "The world has been very slow with many technologies. They sit on the back burner until somebody finds an application for them."

Blup itself was invented in the US 20 or more years ago and originally applied to cattle breeding. As cows produce only one calf a year, the calculations were much simpler. But pigs can have around two dozen offspring a year. "It was not on to use this for pigs until we had very cheap, high-speed computing," says Dr Webb.

High rates of artificial insemination, around 80 per cent, were also needed. AI is not widespread in pig breeding – only 3 per cent of pig matings use it. Cotswold has developed the technique and now runs the largest AI centre for pigs in the world, using 360 boars a year.

Old-fashioned breeding methods are able to produce leaner and hardier pigs, but find it difficult to increase litter size, as this is not a well-inherited trait. Cotswold's techniques have changed this.

"What Blup does is give us a very accurate projection of a pig's genetic merit for litter size. We can improve pigs born per litter by around one extra pig every five years, which in biological terms is quite a lot," said Dr Webb.

The system also makes it easier to breed pigs with characteristics tailored to specific markets. For example, conditions in south-east Asia are not always as "pig-friendly" as in the UK, so hardier specimens can be bred to cope with the different environment.

Four years ago Cotswold Pig Development won a Queen's award for its achievement in exporting pig breeding stock all over the world, from South Korea and the Philippines to Italy and France. Around half the pigs bred by Cotswold are for the export market.

Dr Webb kept pigs as a teenager. He has become so attached to them that he prefers not to eat pork, but he describes that as a "human frailty" and does not let his own personal prejudice interfere with business. "There is nothing wrong with pig meat at all," he says.

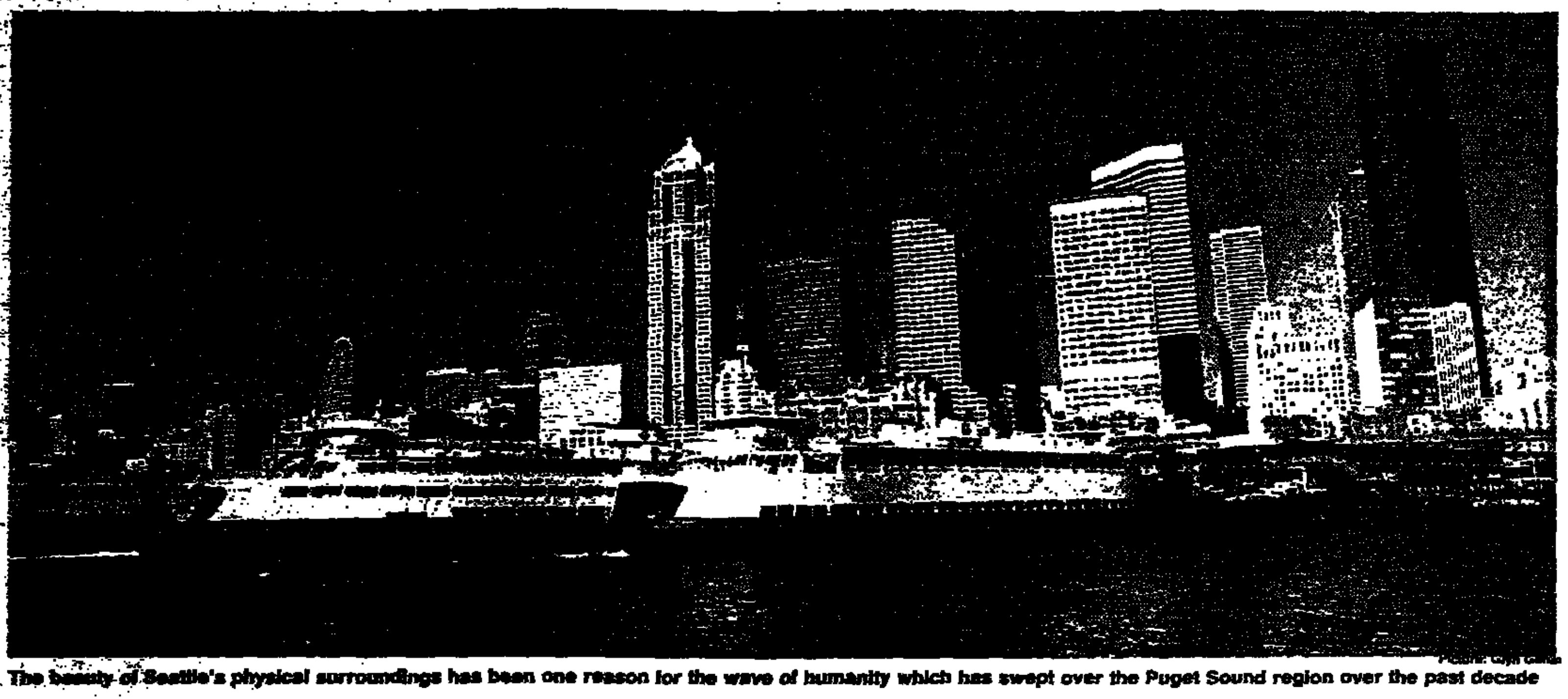
Bethan Hutton

FINANCIAL TIMES SURVEY

SEATTLE AND PUGET SOUND

Tuesday April 21 1992

Phenomenal growth and the immigration of the past decade have created substantial developmental problems for the region. **Martin Dickson** visits the 'most liveable city' and one of America's 'best places to do business', and finds out how the community is tackling the issues



The beauty of Seattle's physical surroundings has been one reason for the wave of humanity which has swept over the Puget Sound region over the past decade

Picture: Glyn Genin

IN THIS SURVEY

A delicate balancing act

YOU CAN buy a set of grainy, black-and-white postcards, with the joke title "12 reasons why not to move to Seattle" in the more progressive bookstores of this beautiful, economically buoyant and civilised city.

The cards, which purport to show extremely unflattering pictures of the area, are meant to be sent by Seattleites to friends or relatives in other parts of the US who might be thinking of moving to the city. The aim is to put them off joining the wave of humanity which has swept into the Puget Sound region over the past few years as its economy has surged.

But the joke also makes a serious point: the growth and immigration of the past decade have created substantial developmental problems for Seattle and the surrounding four-county Puget Sound region, which together account for half Washington state's economic output.

The danger is that unless the region takes control of the change, it could end up losing the very quality which is attracting new immigrants and business to the area – its extremely attractive lifestyle.

That said, the economic boom of the 1980s has now given way to a slower pace of growth. Seattle has fared much better than the rest of the US in the recession of 1991/2, and analysts suggest that its growth will still outpace the national average during the 1990s – but only just.

In other words, the region is not so economically secure that it can afford to take growth for granted. It remains highly dependent on Boeing, the world's largest commercial aircraft manufacturer, and to a lesser extent on the timber logging which first brought it prosperity in the 19th century.

Boeing, which has its headquarters just south of Seattle and is by far the region's largest employer, seems set to enjoy strong long-term growth. Yet there are doubts about its short-term business outlook, and local businessmen still recall the dark recessionary days of the "Boeing Bust" in the early 1970s.

The timber industry, for its part, is contracting as environmentalists' initiatives to save the Northern Spotted Owl restrict the supply of logs. Other growth industries will offset these trends, notably the computer software sector centred on Microsoft, which has its headquarters in a Seattle suburb.

Important, too, will be the region's growing importance as a shipping and airline entrepôt mid-way between Europe and the Far East.

But finding a balance between encouraging growth and restraining it will be far from easy. "It's a very delicate act, but it has to be done because the quality of life is partly what brings people here," says Mr Paul Sommers, research director at the University of Washington's Northwest Policy Center.

And the balancing act is causing no little friction: between slow-growth environmentalists and fast-track industrialists; between property owners threatened by development restrictions and planning authorities; between the city of Seattle and its surrounding, middle-class suburbs; and not least between old residents, so-called "lesser Seattleites" who dislike the changes in their city, and the newcomers, many of them refugees from recession-hit, environmentally-troubled California.

But it is at least encouraging, amid all this heat, that the community is tackling such issues head-on. Alarmed by the urban sprawl created in the late 1980s, the Washington state legislature passed a growth management act in 1990 which requires all cities and counties to draw up development plans which define urban boundaries and create a coherent, consistent development plan.

Mr Norm Rice, Seattle's popular black mayor, recently unveiled proposals for the city designed to relieve pressure on the urban fringe, partly by winning back middle-class people lost to the surrounding suburbs. He envisages a series of "urban villages" developed along the route of a proposed mass-transit system.

"We can either take control of growth and channel it in ways which will enhance our community, or we can sit on our hands and watch unmanaged growth destroy all of the things we value about Seattle and the Puget Sound region," the mayor said.

"Seattle," adds a regional planner, "is still in the fortunate position of being able to avoid the mistakes made by virtually every other major US city."

If there is a degree of smugness about that remark, it is understandable. For more than a decade now Seattle has been picking up awards as the "most liveable" city in the US, one of the "best places to do business," to "raise children" and even America's "top city for bicycling".

This is in large measure because of the sheer beauty of its physical surroundings. It is bounded on two sides by water – Puget Sound to the west and Lake Washington to the east – and on three sides by mountains. In spite of its rainy climate, it offers more accessible outdoor recreation than any other US centre of comparable size.

Seattle itself is architecturally undistinguished, yet it has a very attractive atmosphere. Its setting on steep hills next to water gives it a character vaguely reminiscent of San Francisco.

Its downtown centre is simultaneously small enough to be manageable and large enough to be reasonably sophisticated: it boasts an absurd number of espresso coffee shops, some interesting Northwestern cuisine, excellent bookshops and a plethora of art galleries, headed by the new, architecturally bold Seattle Art Museum.

Somewhat improbably, it has also become the undisputed centre of pop music's latest craze – grungerock. Rolling Stone magazine has just named the city the "new Liverpool".

Nevertheless, Seattle remains neat, clean and unflashy, enjoying its new-found wealth without flaunting it. "This is a city of inconspicuous consumption," as one local writer puts it.

Prosperity has also changed Seattle's view of itself and America's view of the city. Thirty years ago it was widely regarded as a dull provincial backwater, physically isolated from the rest of the country and heavily influenced by a dour Scandinavian heritage. Sir Thomas Beecham, the British composer, called it a "cultural dustbin".

Today, it is seen as increasingly cosmopolitan, be it in terms of culture, outlook or racial mix. In 1960, just 8 per cent of the city's population was made up of minorities but the figure is now 25 per cent, thanks to strong immigration during the 1980s by Asians, who now account for 11 per cent of the population.

Throughout its history Seattle has looked to Asia for trade and cultural ties and has developed unusually strong links with Japan – underlined recently when a consortium led by Nintendo, the Japanese games company with its US headquarters in Seattle, made a takeover bid for the city's baseball team.

These links could prove increasingly important over the next decade as the city aggressively markets its role as an East-West trading centre.

Yet Seattle is hardly Shangri-la. It has a high rate of violent crime, drugs and Aids problems, homelessness (the term Skid Row originated here in the 19th Century), traffic congestion and concern over the quality of its air and education.

However, many of these problems seem more manageable, or managed better, than in many other US cities. For example, Seattle's initiatives for keeping the homeless off the streets, involving a broad range of civic groups, have been widely praised.

This sense of community is underlined in city politics, which involves a high degree of policy input from strong neighbourhood interest groups. Significantly, all city elections are by law non-partisan in nature, although for the past two decades every mayor has been a member of the Democratic party.

However, the mushrooming of suburbs in counties beyond the city limits means that no amount of civic togetherness will allow Seattle alone to solve those pressing questions which require regional solutions.

Among the most important of these are a host of inter-related transport problems, including decisions on a new regional rail system and whether or not to build a new run-way at Sea-Tac airport.

Seattle is hardly alone among American conurbations in grappling with regional issues that transcend neat political boundaries. But because the region remains relatively unspoilt, rather more hangs on it finding sensible solutions.

The long-term economic outlook is still reasonably bright, says **Martin Dickson**

A flying start for prosperity

THE economy of Seattle and the Puget Sound has been the envy of many other US cities for the past few years, as the region outpaced most of America during the boom years of the 1980s and proved more resilient to the national recession which set in last year.

The long-term outlook is still reasonably bright, but the city has no grounds for complacency: the local economy has been soft for the past year, with Washington state growth barely positive and employment stagnant, while growth prospects over the next two years also look fragile.

"Many local businesses are noticing slower growth, and hiring plans are quite modest," notes Mr John Mitchell, chief economist at US Bank. "If 1991 was a very slow year, 1992 may not be a whole lot better for many Washington businesses, with employment expected to increase by only 2 per cent."

Fast growth, moreover, has brought with it problems: a surge in migration of new residents to the area in the late 1980s from outside Washington has pushed up inflation and housing prices, and has led to much greater traffic and other environmental problems.

Seattle's economic buoyancy is a new phenomenon. Traditionally, the Northwestern US, and Puget Sound in particular, have tended to suffer a steeper decline in a recession than other parts of the US. This was certainly the case in the 1981-82 downturn.

Battle of the forests: the Spotted Owl is at the centre of a dispute between environmentalists and the timber industry

But the 1980s brought a spurt of investment in new industries in the region – notably high technology computer software, led by sector leader Microsoft, and bio-technology – which local economists say have gone some way to protect it from its traditional reliance on Boeing, the aircraft manufacturer and largest local employer, as well as timber logging.

Another significant positive factor this time around has been the relative buoyancy of the agricultural sector in the Washington hinterland.

All this said, local boosters are in danger of overstressing Seattle's diversification. For the city owes much of its 1980s' prosperity to a rapid expansion by Boeing, and it owes much of its present buoyancy to the size of the company's order book: at around $90bn this represents well over three years' of civilian aircraft sales.

Indeed, a study carried out for Boeing in 1989 by three independent regional economists argued that, with 15 per cent of Washington state jobs linked to the company, the economy was no less dependent on Boeing than it was 30 years before. While a lower percentage of the workforce worked directly for the company, one Boeing job created 2.8 others in the region, compared to 1.8 in the 1970s.

Older, more guarded Seattle businessmen still recall the two "Boeing Busts" of recent decades – in the early 1970s, when the number of the company's employees in Washington state plunged from 102,000 to just 41,000 three years later, and a lesser contraction at the start of the 1980s.

Boeing's local employment is now more than 100,000 again, and its long-term outlook seems good, given the expected growth in world aviation over the next 20 years.

The next few years are more uncertain. Although Boeing is planning to trim some 6,500 Washington jobs by the end of this year because of reduced defence spending and slower demand for one type of civilian aircraft, the company insists its overall order backlog is unaffected. It expects to deliver a record number of commercial jets in 1993.

Yet some aerospace experts fear it could suffer a sharply reduced demand for deliveries in 1993 and 1994. And if that happened, history might record that Seattle did not so much escape the 1991 recession, but merely lagged it.

"The best we can hope for," says Mr Robert Chase, research director at Pacific Northwest Executive magazine, "is that the aerospace sector will remain resilient and stable."

Certainly, the build-up at Boeing in the 1980s will not be repeated during this decade. And this, coupled with other factors, suggests that Seattle's growth during the 1990s will tend to mirror, or slightly outpace, that of the nation, rather than exceed it dramatically.

"There is growing awareness," says Mr Chase, "that the boom years of the late 1980s are over and the 1990s will be essentially different."

Boeing apart, one of the main factors making for less frenetic growth in the 1990s will be a host of environmental initiatives. Many of these are local, prompted by Northwestern concern over the impact of fast development in the past decade, but others have assumed a national character, most notably the battle between environmentalists and the timber industry over the fate of the Northern Spotted Owl.

A complex tangle of court battles and government regulations has sharply reduced logging in spotted owl habitats throughout the forests of the Northwest over the past few years. Whatever the outcome of these confrontations, it is already clear that they will mean a perpetual slowdown in logging activity, and a loss of many jobs in the industry.

While the timber industry is located for the most part outside the greater Seattle area, this reduction will nevertheless have a substantial knock-on effect on the city, given its role as the region's main trading and shopping centre.

And another conservation issue, which could have an even greater impact on the regional economy, is looming just behind the spotted owl: efforts to preserve salmon in the Columbia river system could mean a reduction in hydro-electric power and a sharp increase in local electricity prices.

Yet Seattle has many other forces working in its favour. It has avoided the boom-bust commercial property cycle which has hit the East Coast and California so hard, and the slowing of the boom gives it the chance to address the structural problems in the housing and transport markets which have come with growth.

While its traditional industries may see relatively slow growth, or decline during the 1990s, a wide range of service industries will provide new job opportunities.

For Seattle's exhilarating physical surroundings, and its reputation as one of the best places in America to do business, means that it is an attractive place for mobile, knowledge-based businesses to put down roots.

"We are in the thoughtware business up here," says Mr Bill Stafford, executive director of the Trade Development Alliance of Seattle. Indeed, Seattle's University of Washington boasts more US federal Government research grants than any other American public university.

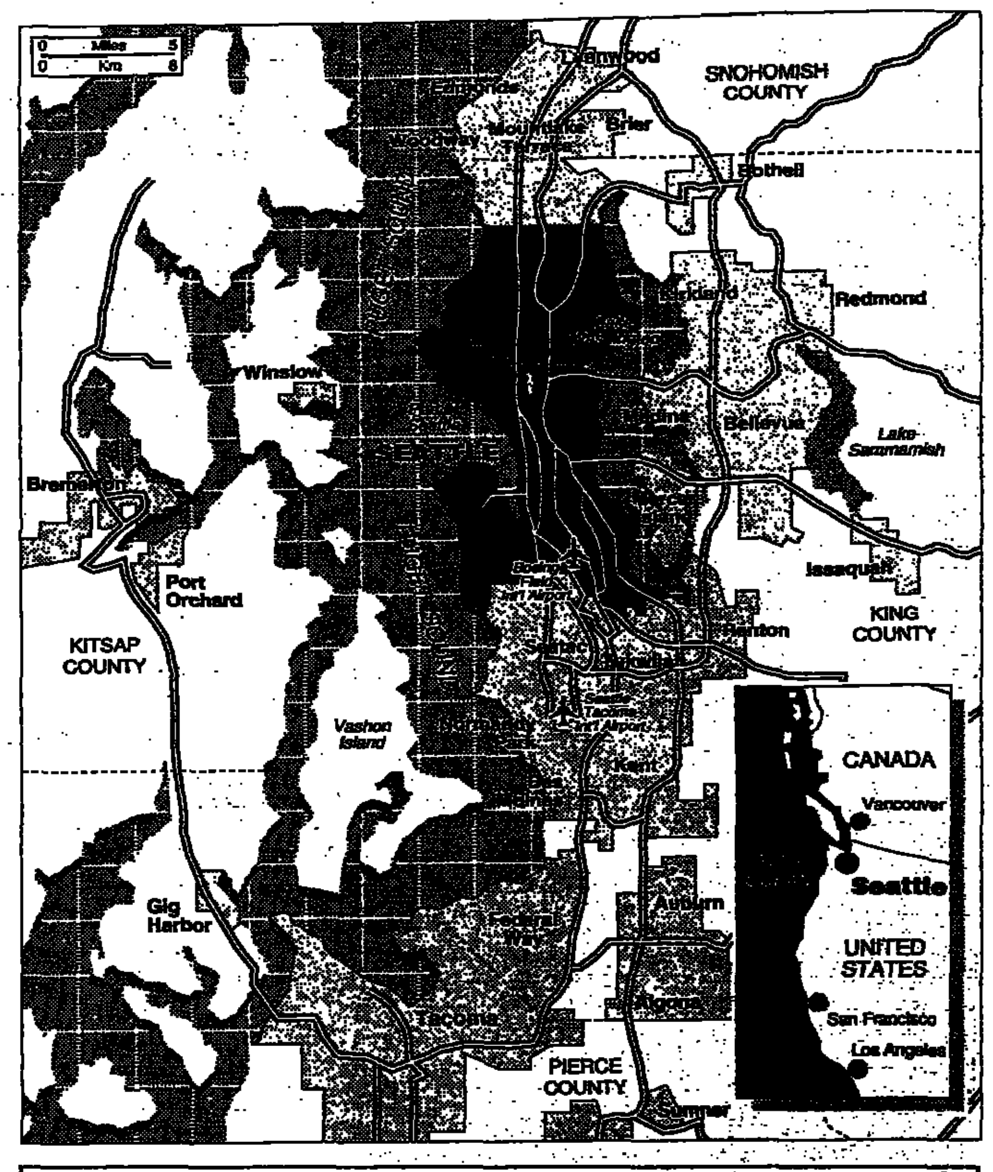
This, in turn, will attract new immigrants and increase the size of the local consumer market. Washington is expected to have among the top five population growth rates in the US through the 1990s.

Leading growth industries in the service sector will include computer software, bio-technology, tourism, fashion design and environmental services. (Seattle's clean-up of Lake Washington, formerly a local cesspool, in the 1960s, was not only a local political landmark but also a spur to the environmental business.)

International trade has been crucial to the Seattle economy since the days when it was the main entrepôt for the Yukon goldrush, and its importance will increase over the next decade on the back of global economic integration: the ports of Seattle and Tacoma and the region's Sea-Tac airport are equidistant from London and Tokyo.

Closer to home, local politicians and businessmen are throwing considerable energy behind the idea of a greater Northwestern regional economy. Dubbed "Cascadia", this would incorporate the four Northwestern US states and Alaska, together with the Canadian provinces of British Columbia and Alberta.

Flight line: Seattle owes much of its economic buoyancy to Boeing's $90bn order book



Location

The city of Seattle is located in the state of Washington on Puget Sound, 113 miles from the US-Canadian border. Seattle is an important port for trans-Pacific and European trade.

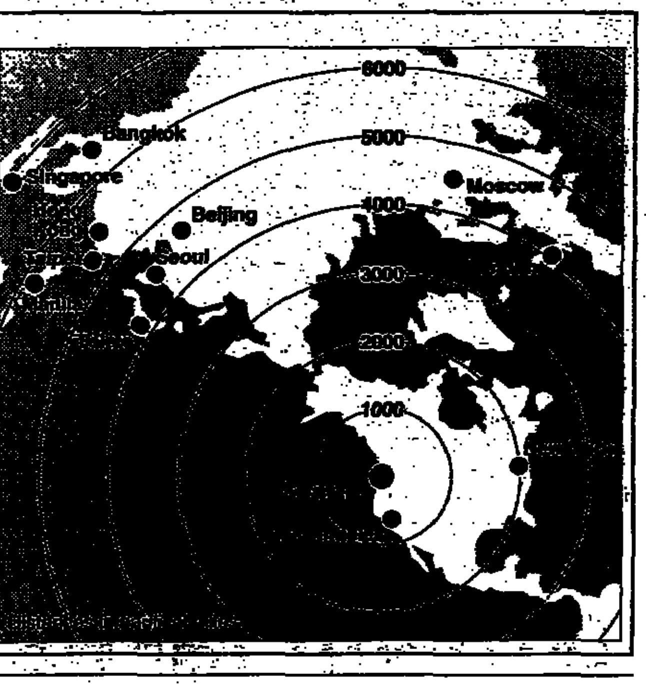
Profile

Land area	88 sq miles
Population, 1990	516,259
Population density	5,867 per sq mile

Population

Seattle	
1970	531,000
1980	494,000
1990	516,259
2010 (est)	550,000
Puget Sound*	
1970	1,939,000
1980	2,240,000
1990	2,748,900
2010 (est)	3,622,700

*King, Snohomish, Pierce and Kitsap counties



There is little doubt the region is generously banked, says **Nikki Tait**

Consolidation is a priority

THE dominant theme in the US banking industry for many months has been consolidation. Mega-mergers between the likes of Chase Manhattan and Chemical Bank, Security Pacific and Bank of America, coupled with the relentless growth of "super-regional" banks, such as Banc One and NCNB, have commanded numerous newspaper headlines.

Yet nowhere can the "micro" effects of this trend be more pronounced than in Washington state, and in Seattle-Tacoma, the region's commercial centre, in particular. The local commercial banking industry may have been spared some of the most horrendous loan loss and ailing real estate problems which have dogged its counterparts on the East Coast, but that has done nothing to halt the marriage whirl.

There is little doubt that the region is generously banked. It has been calculated that there are more than 100 commercial banks in Washington state, not to mention an abundant supply of thrifts and credit unions. That compares with, say, 60-odd commercial banks in Canada, and around 500 in the whole of the UK.

Consolidation, in itself, is not new. Take Puget Sound Bancorp, which was the last remaining major independent banking company in Washington until it agreed last month to an $800m takeover by Keycorp, the New York State-based banking group. Since mid-1989, Puget Sound has absorbed four other local financial groups – Family Savings and Loan, First National Bank of Enumclaw, Valley Bank and Puget Sound Securities – and, as of March, had a further three deals pending. The total purchase price of the seven transactions was put at around $50m.

Nevertheless, the pace at which mergers are taking place, and the size of some of the deals, has certainly increased recently – a development attributed to a variety of causes. Most local bankers prefer to stress their desire to push down costs and increase efficiencies. One executive also cites the need to improve competitiveness vis-à-vis large pension funds – including the Washington State employees fund – which, he claims, are stealing part of the banks' traditional customer base.

"Banks need to make more money, they need to get capital up," says Luke Helms, chairman of Seafirst, the Bank of America subsidiary which is already the largest bank in the state and about to become bigger still via the absorption of many local Security Pacific branches.

That said, the merits of these cost-saving claims, especially over long time periods, remain debatable, and the issue of merger-related efficiencies has been argued all the way to Capitol Hill.

What is indisputable, however, is that financial weakness and loan loss problems – a second reason for the acceleration of the merger trend – are having a significant effect on the Seattle region. For a start, while the health of the local banks may be relatively good overall, financial pressures have been cited as factors in the demise of Peoples National Bank and Old National Bank, acquired by US Bank of Washington in the late-Eighties, and of Seattle Trust and Savings, taken over by Keycorp. Second, and more significantly, tie-ups between large, troubled out-of-state banks have brought large local upheavals.

The merger between Bank of America, and the ailing Security Pacific — both of which have headquarters in California – is the most striking case. Locally, this brings together Seafirst and the Washington offices of SecPac, which had acquired the sizeable Rainier Bancorp in the Eighties. These previously constituted the number one and two groups in the area.

Not surprisingly, the impending deal has engendered all sorts of competitive arguments at state level. After much furore, the upshot is an agreement requiring that 86 of the SecPac branches be divested to third parties. This leaves Seafirst to absorb around 82. Even with this reduced number, there is some overlap with existing Seafirst offices. The net gain for Washington's number one bank is likely to be more like 50, says Mr Helms. If so, Seafirst would emerge from the deal with around 262 branches.

At the time of writing, the question of who would pick up the remaining 86 SecPac branches was still under negotiation. But whatever the outcome, it seems certain to produce further ripples. In fact, this may already have been a factor in the Keycorp-Puget Sound deal. Keycorp, which has been building up a presence in the Northwest generally, was thought to be extremely interested in the SecPac branches, but to have reckoned that it would do better to pursue the purchase via the clout of Puget Sound. Hence the relatively attractive offer for the Tacoma-based bank last month.

Meanwhile, West One, the Idaho-based bank, is understood to be another contender for some of the SecPac branches, as is US Bank of Washington – in turn, owned by US Bancorp of Portland and ranking number three in the state.

Few observers think the consolidation trend will end here. Both West One and the Washington offices of the troubled First Interstate bank of Los Angeles, in which New York's Kolhberg, Kravis Roberts, the leveraged buy-out specialist, holds a near-10 per cent stake, are widely viewed as possible takeover candidates somewhere down the road,

The question, however, remains. Who gains or loses from this burst of marriage activity? Short-term, there are clearly job losses at stake – executives involved in the Seafirst-SecPac deal estimate around 500 jobs, for example. The real estate market, particularly in downtown Seattle, is scarcely helped by the trend either, since financial institutions are principal occupiers of abundant commercial space.

Leading corporate clients are probably unaffected, but more concerns surround the small business community's access to capital. In truth, much probably depends on the policies of the acquiring parent and the extent to which lending decisions remain at local level. "Consolidation can be bad if the acquiring bank makes its policies too rigid," concedes Don Vandenheuvel, president and chief financial officer of Puget Sound. "You need to retain flexibility".

On the upside, there are the bankers' promises of greater efficiency, and more investment in electronic services. The average "Seattle-ite", meanwhile, can only wait until the dust settles before determining whether services have really improved.

Finally, it is worth noting that this shake-out is a purely domestic affair. Overseas banks – particularly from Japan and the Pacific Rim – have come and gone in the past, and their presence today is very limited. The foreigners, says one banker, were competitive pricewise, but at an inevitable disadvantage in terms of customer recognition and speed of decision-making.

High-technology is reshaping Seattle's profile

Industrial mix broadened

HIGH-TECHNOLOGY industries are reshaping Seattle's profile, broadening its business mix far beyond its traditional reliance on timber and Boeing, the world's leading manufacturer of civilian aircraft.

Microsoft, the world's leading manufacturer of computer software, is located here, as is Aldus, the manufacturer of software for the printing industry which coined the phrase "desktop publishing". McCaw Cellular, America's largest cellular telephone operator, is a Seattle company. And the Puget Sound area has become one of the leading US centres of the bio-technology industry, with Immunex probably its best-known representative.

That said, Boeing remains the dominant business in the region. It employs more than 100,000 people directly and a further 380,000 people are reckoned to be indirectly dependent on the company, representing almost one out of six jobs in the state of Washington.

The company's impact on the local community goes far beyond this. In 1992 Boeing expects to donate $25m in cash to the community, almost half of it going on education, with a further $5m of contributions in kind. Boeing employees themselves chip in to a "good neighbour" fund, and raised $22m last year.

Boeing will continue to underpin the regional economy for decades to come. Its order book totals more than $90bn, more than three years' work on civilian aircraft, and while there remain doubts about the robustness of that tally over the next couple of years, the company's long-term future looks bright, given expectations of solid growth in the world's demand for aircraft over the next 20 years.

The same cannot be said for the timber industry of the Puget Sound region. A furious row over the protection of the Northern Spotted Owl has sharply reduced the cutting of timber from federally-owned land in the region and caused great hardship to many small, independent loggers and millowners.

Private companies which own their own timber are largely exempt from the restrictions (though they, too, cannot log around trees with spotted owl nests) and in some cases have even benefited from the restrictions, because these have led to rocketing timber prices.

Weyerhaeuser, the largest private owner of softwood timber in the world, which has its headquarters at Tacoma, just south of Seattle, stands to benefit in this way – although a lack of supplies from non-company sources has forced it to close a number of plants in the Northwest, including its pulp mill at Everett, just north of Seattle.

Seattle's growing importance as a high-technology centre is based partly on serendipity and partly on the region's comparative advantages.

Mr William Boeing, the founder of the company that bears his name, was the scion of a lumber industry family who first came to the Northwest, as a drop-out from Yale University, because of its timber resources. It just so happened that he had a passion for flying, and thus Boeing was born in 1916.

Boeing, with its civilian and military aircraft products, is one of America's leading high technology companies in its own right, and it has spawned a large number of other aerospace businesses in the Seattle area.

However, the location of Microsoft here owed much to the fact that Bill Gates, its founder and chairman, happened to be brought up in the city. Paul Brainerd, who founded Aldus, is also a Seattleite.

Serendipity apart, the high-technology industry has been aided by Seattle's attractive location, which helps in wooing high-quality scientific staff, and the area's strong academic credentials. These include the University of Washington, with its important medical and engineering schools, and the Fred Hutchinson Cancer Research Center, an acknowledged world leader.

Playing the game: Nintendo has its North American headquarters in Seattle

Washington state's bio-technology workforce has been expanding particularly fast – by 14.6 per cent last year to more than 4,200. The state is the joint sixth in the US bio-tech league, alongside Los Angeles/Orange County but still a long way behind the industry leaders, the San Francisco Bay area and New York's tri-state area.

State officials have been trying to capitalise on this high-tech nucleus, promoting the so-called "technology corridor", a series of corporate campuses stretching north of Seattle through Snohomish county and home to more than 200 companies.

High-technology is also a crucial plank in the state's efforts to attract foreign investment, which are also focused on the aerospace, environmental engineeering, food processing and wood products industries.

It is putting substantially more effort into promoting the state in Europe and has just set up its first full-time European trade office in Paris.

Half the foreign investment in Washington state is from Europe, with Britain the largest single foreign investor in terms of dollars committed, followed by Japan. Nintendo, the leading Japanese computer games company, has its North American headquarters in Seattle.

Seattle repeatedly comes out at or near the top of surveys of the best places to do business in the US – even though it offers virtually no special financial incentives for companies to locate operations here.

Factors in its favour include a favourable tax structure, low electricity prices, a well educated workforce (though recent reports have warned that the state risks a shortage of high-technology personnel), reasonable property costs and extremely attractive surroundings.

But Seattle's agonised wrestling between the imperatives of growth and the preservation of its natural beauty is causing considerable difficulties for the industrial community.

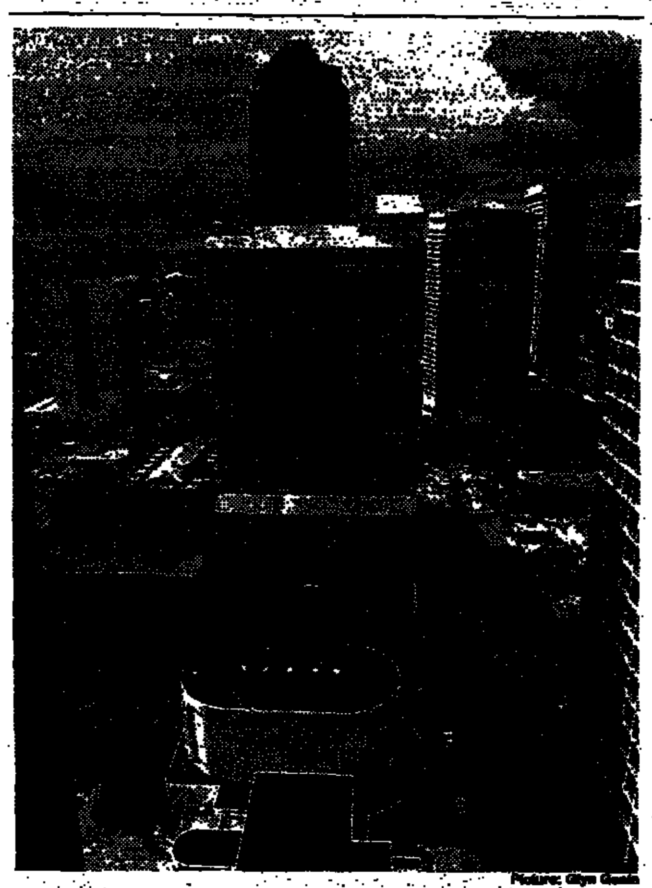
These were highlighted last autumn in a speech to the local chamber of commerce by Mr Frank Shrontz, chairman of Boeing. He pointed out that the company had benefited from the Northwest's "pretty strong work ethic" yet faced problems from the "escalating cost" of building new facilities in the Puget Sound area.

Boeing is building a new plant at Everett, north of Seattle, where it will manufacture its new 777 wide-bodied aircraft, but the company is upset that $50m had been added to the bill by fees to mitigate the effect on the local community.

Mr Shrontz said Boeing believed that this, together with other cost elements, meant it was 30 to 40 per cent cheaper to build in Wichita, Kansas or Huntsville, Alabama – without even taking into account the financial incentives offered in those centres or the fact that it now took about as long to obtain permits and build in Puget Sound as it did to design and build a new aircraft.

It was a warning shot to the local community and a reminder that Seattle cannot afford to grow complacent and take either Boeing or its present prosperity for granted.

Martin Dickson



Downtown Seattle is dominated by several dozen skyscrapers

REAL ESTATE

Growth takes up the space

ONE GLANCE at Seattle's skyline, and the casual observer will fear the worst.

The downtown area is dominated by several dozen skyscrapers, many ominously high and gleamingly new. In today's recessionary climate, this would seem to spell problems of unlet space, souring real estate loans, and all the domino effects which have savaged the US banking and insurance industries nationwide.

In reality, Seattle's recent growth and resistance to the worst recessionary forces means that such problems – although not entirely absent – have been significantly mitigated.

The Seattle office of Coldwell Banker, the Sears Roebuck subsidiary, reckons that around 13.7 per cent of the downtown commercial office space is vacant, compared with a peak figure of around 18 per cent in 1988.

It suggests that vacancy rates have dropped during the past three years, and then flipped back upwards to a smaller extent in 1991.

This is a simple function of supply and demand. Over the past three years, downtown Seattle saw 4m square feet of new office space come on to the market, principally in five large buildings. The market had been absorbing around 1m sq ft a year, but this figure fell to about 250,000 sq ft last year.

Locals attribute this last development to the economy – which, although far from full-blown recession, finally felt some winds of change last year.

Boeing, for example, is still a very big factor in Seattle's economic health, and its fortunes can even influence spin-off demand for office accommodation.

The wave of bank mergers also cast an element of doubt over the real estate market, although property experts remain relatively relaxed about the amount of space which these deals may result in. Vis-à-vis the largest transaction – the merger between Security Pacific and Bank of America and its Washington subsidiary, Seafirst – much is thought to depend on who buys the 86 SecPac branches which BoA is required to divest and what sort of "head office" structure the purchaser takes on.

"Banking consolidation is the wild card," says Bob Dickey, chief financial officer at Safeco, the large Seattle-based multiline insurer, summing up the general uncertainty.

Rental rates, meanwhile, have seen relatively little increase for almost a decade. That said, while some foreclosures have occurred, there has been nothing on the scale of the East Coast. Bank of America itself came to the aid of one large local developer, acquiring the Columbia Seafirst Center, Seattle's biggest single property with 1.4m square feet of office space.

Outside the downtown area, the office space situation is somewhat variable. For example, in Bellevue, home of Microsoft and many other high-tech businesses, the supply situation is viewed as significantly tighter than downtown, with vacancy rates in single digits.

The real estate community, ever optimistic, seems hopeful that this situation could pertain in downtown Seattle in a few years' time. It points out that no new space is likely to come on stream until 1994 or 1995. Meanwhile – and more speculatively – the turmoil in Hong Kong is prompting some flow of Asian money into Vancouver. It is a small step, some suggest, from there, down the coast to Seattle and San Francisco.

On the residential housing front, Seattle's traditional problems have been supply, rather than demand-oriented. At the end of 1990, for example, it was estimated that the city had about 250,000 housing units, of which half were single family homes. Less than 5 per cent were believed to be vacant. About half the city's households, meanwhile, were thought to be renting.

This tight balance between supply and demand, therefore, pushed up house prices in the Eighties, and may also have contributed to a significant homelessness problem. (Around 3,000 people a day are homeless in Seattle). Equally inevitably, the present slowdown in economic growth has mitigated the problem somewhat, although experience varies depending on area. In general, prices have been softer in recent months, with the average price of an existing home standing at around $164,000.

Nikki Tait

Thriving $3bn-a-year business

Host of small companies in Software City

IN THE computer industry, Seattle is "Software City". Home to Microsoft, the largest computer software company in the world, Seattle has also become a centre for software entrepreneurs who have founded hundreds of small companies in the region over the past decade.

Washington state's software industry is now a thriving $3bn-a-year business and the computer software industry is the fastest growing segment of the state's economy. In 1980, 14 software companies employed 566 people in the state, according to the Washington state department of trade and economic development. By 1990, there were more than 500 software companies in Washington employing 9,600 people and the numbers have continued to rise.

The growth of Seattle's software industry begs comparison with California's Silicon Valley with its burgeoning electronics and computer industries. Indeed there are many similarities between the two West Coast regions that point to the key elements of a seedbed for high-technology industry growth.

Washington and California have strong reputations for good "quality of life"; a significant draw for young talented people. Even the geographies of the San Francisco peninsula and the Puget Sound are alike, both being virtually surrounded by water.

Equally significant, perhaps, is the established infrastructure of both regions providing all the services that an emerging high-technology company might need. In Seattle, these range from freelance programmers to disk duplicating services; package designers and courier companies; lawyers and venture capitalists.

Also like Silicon Valley, Seattle has a few large established companies that form the core of the region's growth industry. In Seattle these are Boeing Computer Services, Microsoft and Aldus.

In Silicon Valley companies such as Hewlett-Packard and Intel have spawned hundreds of "spin-off" companies formed by former employees. To date, the spin-off phenomenon has been relatively limited in Seattle. There have been only a dozen or so spin-offs from Microsoft, for example, according to local industry officials. Nonetheless, the largest software companies provide a prime source of talent for new ventures.

Universities also play a key role in the high-technology infrastructure. However, in this regard Seattle lacks the abundance of the Silicon Valley. The University of Washington, in Seattle, has close links with local software companies, but it can provide only a fraction of the graduates that the industry needs.

The software industry's growth has outstripped the supply of qualified graduates from Washington state's universities and colleges, according to the Washington Software Association, an industry group representing software developers in the state, and vocational schools. Future growth of the industry will be constrained by the limited supply of candidates in technical, marketing and management fields, a study performed by the industry group concluded.

To address the need for increased numbers of graduates, the WSA has launched programmes to link the educational community with the software industry. All economic indicators for the software industry show opportunities for continued growth and expansion.

"Our job is to be globally competitive. To do this, we must have a trained, skilled workforce, and there is no better way to find that workforce than by growing it at home, through Washington state's educational system," says Paul Brainerd, president of Aldus, a leader in the field of desktop publishing software based near Seattle, and chairman of the Washington industry group's education committee.

Paul Brainerd: 'Our job is to be globally competitive'

Bill Gates: reckoned to be the richest man in the US

WSA aims to encourage Washington high school students to consider a career in the software industry and is also sponsoring scholarships at Washington University.

Yet for Microsoft, the flagship of Washington's software industry, attracting talent is hardly a problem. Last year the company was inundated with more than 10,000 job applications a month. From these the company chose about 4,000 new employees, bringing its world-wide workforce to about 11,000 including about 4,400 at its Redmond headquarters in an "East Side" suburb of Seattle.

Moreover, 64 per cent of Microsoft's recruits last year came from the state of Washington, suggesting that the leading software company gets the lion's share of new graduates in the state with computer science and related disciplines.

Indeed, Microsoft is so much bigger than any other software company in Washington that its fortunes drive the growth trend in the state's software industry. Last year, Microsoft's revenues more than doubled to $1.8bn. For fiscal 1992, ending this June, analysts expect Microsoft's revenues to jump to $2.7bn.

Microsoft's presence in Seattle is highly visible. The company occupies a 260-acre campus with some 22 buildings in addition to its manufacturing operations and other offices throughout the region.

Microsoft's growth over the past year has been based largely upon the success of "Windows", a program that gives IBM-compatible personal computers a graphical interface similar to that of Apple Computer's Macintosh. Since the introduction of Windows 3.0 in June 1990, more than 9m copies have been sold.

This month, Microsoft launched a new version of Windows. The Seattle company is now, however, facing a significant challenge from International Business Machines, a former software development partner, which last month introduced its own personal computer operating system software to compete directly with Windows.

Microsoft is also involved in a potentially serious legal dispute with Apple Computer, which claims that Windows infringes copyrights on its Macintosh computer software. And in addition, Microsoft is the focus of an anti-trust investigation being conducted by the US Justice Department.

Nonetheless, Microsoft is expected to maintain its leadership role in the personal computer software market.

With the growth of Microsoft, and the rising value of the company's stock, many of the company's employees have become paper millionaires. Bill Gates, chairman and co-founder of Microsoft, is now reckoned to be the richest man in the United States, based upon his substantial shareholdings in the company.

Feeding some of this wealth back into the Seattle economy, Microsoft's several millionaires are said to be a ready source of venture capital funds for new companies in the region.

Louise Kehoe

Transport is a problem in one of the US's most congested areas

Highways to frustration

TRANSPORTATION and Seattle go hand in hand. The city, after all, has its origins as a port, servicing both the lumber business and the fishing industry. Today, its largest single employer is a manufacturer of aircraft.

But familiarity breeds, if not contempt, a distinct lack of contentment. Talk to a Seattleite for any length of time, and comparisons with California inevitably crop up. Like many big Californian cities, Seattle is physically well-endowed, and – again like California – it has seen fairly explosive growth in recent times.

What Seattleites seem to fear is that their city will develop all the debilitating urban problems which dog, say, Los Angeles. The result is a degree of overt "protectionism" rarely seen in the US, coupled with a feverish desire to control development for several decades ahead. Nowhere does this paranoia surface more noticeably than over transportation issues.

There is no doubt that the city has a physical problem. The downtown area, into which much of the daily commuter traffic feeds, is situated at the narrowest point of the isthmus, and the city is bounded by water on both sides. This natural handicap has been compounded by the fact that the inter-state highways – route 5 which runs north-south and the ubiquitous route 90 which divides the state east-west before going on to Boston – were laid down in fairly kamikaze fashion. They carelessly bisected communities and, to this day, produce ghastly interchange problems. (Locals have duly termed one particularly vicious portion of Interstate-5 passing through the city centre, "the Mercer weave").

True, the traffic jams seem to pale in comparison with either New York or Los Angeles. Nevertheless, Seattle-Everett is usually ranked within the top half-dozen "most-congested" areas in the US. Accordingly, given that for geographical and political reasons the supply of principal highways is probably fixed in the foreseeable future, efforts are being concentrated on "demand" management.

Most local planners stress that this should be seen in the context of Washington's "growth management" strategy – legislation which was enacted in 1990, and which is designed to co-ordinate planning between different areas, and between land use and transportation. This broad backdrop is still evolving, and will continue to do so for many months ahead. Nevertheless, on the transport front specifically, some problems are pressing and initiatives have taken shape.

One of the most prominent problems centres on car pooling. In itself, the idea is scarcely new – but Seattle is pushing the notion with rare ferocity. Last May, Washington's governor, Booth Gardner, signed into law a requirement that the most populated counties – including King, Pierce and Snohomish – develop trip reduction plans for single occupancy vehicles in conjunction with local employers. Employers must meet minimum goals for SOV (single occupancy vehicle) trip reduction set out in the legislation – namely 15 per cent by 1995, 25 per cent by 1997 and 35 per cent by 1999.

There is a degree of overt 'protectionism' rarely seen in the US, coupled with a feverish desire to control development for several decades ahead

This, of course, is easier said than done – and the practicalities of how such goals might be achieved and monitored at individual employer level are still being thrashed out.

Less clear-cut is whether Seattle requires a new, comprehensive rapid transit system – and, if so, how much money should be devoted to such a project. At present, aside from road access, and a complex one-way street system within the downtown area, the Municipality of Metropolitan Seattle (METRO) operates fairly extensive bus-based services within the city and its suburbs. These range from waterfront streetcars to a free "Transit" operation in the downtown area. The latter service makes use of a 1.3-mile tunnel under part of the city centre, and remains resolutely bus-oriented although rail lines were laid when the project was built. There is also a monorail operated by the City of Seattle, which links downtown with the Seattle Center.

Nevertheless, given the transport constraints and the projected growth rates, planners have begun to focus on a major new rapid transit system in recent years. First thoughts centred on light-rail possibilities, a scheme which could have cost up to $11bn over three decades.

This, under the "Vision 2020" plan, would then be augmented by new "high-occupancy" vehicle lanes on the highways for people car-pooling or riding buses, and an enlarged passenger ferry service.

But this plan, in turn, has spurred vociferous debate over whether the money could be better spent, and whether part of Seattle's problem involves the lack of linkage between certain high-growth suburbs – which might invite different sorts of solutions. (Some planners note that the local transport problem is given an extra twist by the fact that Boeing is the largest employer in the city, and tends to move its staff to different production facilities as different aircraft get built. This, in turn, makes traffic flows somewhat unpredictable).

So where does this leave the rapid transit scheme? The initial timetable suggested that the issue could come to a vote in late-1992, but that has certainly been pushed back. Some local observers believe that it may even be deferred beyond 1993.

Looking beyond communications within the immediate area, issues are equally fraught. There has been much talk of "bullet train" possibilities on the Vancouver-Seattle-Portland stretch of the West Coast. Again, while there is a good deal of travel between these points and many locals would like to see the amount of commuter air traffic reduced, the arguments are not clear-cut. Critics point to the simple advisability of having a car in Vancouver and Portland – cities which are geographically spread – and now that the geography of the region would make construction of "bullet track" a tough task.

But contention over these issues pales in comparison with the furore of Seattle's air transportation facilities. Again, the region's growth coupled with some natural restrictions, have prompted fears that Sea-Tac Airport – operated by the Port of Seattle – could soon face a capacity crunch. At present, the airport handles more than 16m passengers a year. By 2000, runs the argument, that number could rise to 25m, and by 2020, 40m. If these forecasts are correct, capacity would be exhausted well before 2000.

Advocates of expansion put their case another way, too. Flights in and out of the airport stood at around 355,000 in 1990, about 40 per cent being commuter flights. Once the figure tops 1,100 a day, bottlenecks tend to develop. At present, the average daily number is in the 900s.

Just to compound the pessimists' worries, the two existing runways at Sea-Tac are parallel and close. This means that only one is usable in all weather conditions, while it is reckoned that "poor" weather persists for about 45 per cent of the year.

Accordingly, after years of angst, a preferred solution which has been proposed by the Puget Sound Air Transportation Committee, comprising three elements:

- The addition of a third, all-weather runway at Sea-Tac, by 2000;
- The use of an existing jet runway at Paine Field in Everett for commercial service by 2000, possibly making this the home for many of the commuter services; and
- The possible development of a smaller, "reliever" airport in the southern Puget Sound area.

Although the business community is broadly in favour of this plan, the public outcry has been angry and extensive. Objections range from the rational – suggesting that there are better alternatives – to the purely emotional. All, however, centre on fears about noise, pollution and secondary traffic problems which could flow from the plan.

Nikki Tait

TRADE AND TOURISM

Gateway to the Northwest

TRADE has always been part of Seattle's raison-d'être. On a grey day in 1851, goes the story, a schooner headed for San Francisco stopped in the area and inquired about picking up timber. Thus, a port was born.

Today, according to economists at Security Pacific Bank, Northwest ports handle more than $125bn of total annual trade volume. Not all of this, of course, feeds through the Seattle region: Portland tends to lead where grain and car shipments are concerned, and Vancouver is the obvious entry-exit point for Canada. Seattle and Tacoma, by contrast, have developed a strong presence in terms of containerised freight, while Sea-Tac Airport has a growing role in air-cargo trade.

Picture: Glyn Genin

The Port of Seattle's operating revenues in 1991 were estimated to have been $148.6m

Statistics on movement and type of goods has been usefully compiled by the Trade Development Alliance of Greater Seattle. In terms of 1990 exports, it has estimated that companies based in King County exported almost $14.5bn worth of goods, while the state figure was $24.6bn. The largest single component was "transportation equipment" – mainly aircraft and aircraft parts – underlining Boeing's dominant role in the region.

This made up 79.5 per cent of King County exports, and was followed by services (ranging from accounting to real estate) with 8.8 per cent.

After that came lumber products with 2.36 per cent, machinery with 1.5 per cent and then instruments, food, fishing, and electric, all at around 1 per cent. The five largest destination countries for all exports were (in descending order) Japan, Canada, the UK, Korea and Germany.

For transportation products alone, this changes somewhat: the list becomes the UK, Japan, Germany, Australia, and China/Hong Kong.

But look at trading partners on a two-way basis, and the picture changes again. For "waterborne trade", which obviously slants the picture towards the Pacific Rim business but gives some indication of where the ports find their customers, the total value of Seattle's imports and exports in 1991 was $25.4bn. Nearly half of this – $12.3bn – related to Japan. Next, with 15 per cent, came Korea, and after that, Taiwan, China and Hong Kong. Add in air cargo, and total two-way trade for Seattle is put at $30bn.

There are, of course, dozens of ports in the region – many privately operated – while, on the express package courier side, Seattle is home to Airborne Express.

But there is no doubt that the two main players in Seattle-based trade are the Port of Seattle, which also runs Sea-Tac International Airport, and its neighbour to the south, the Port of Tacoma.

The Port of Seattle is the larger operation. In 1991, for example, operating revenues are estimated to have been $148.6m, up by 2.1 per cent over the previous year in spite of the Gulf War repercussions. The Port of Tacoma, by contrast, saw revenues of $46.3m in 1990.

However, this relative advantage was largely due to the Port of Seattle's aviation business. Its marine revenues were put at $46.6m last year, compared with $57.8m in 1990 – making it only a little larger than its southerly neighbour. In terms of container traffic, Seattle harbour is estimated to have handled 1.15m TEUs (20-foot equivalent units) last year. Tacoma's figure was nearer 1m, but is forecasting 1.1m for the present 12 months.

This near-50:50 split for the area's container traffic is something of an achievement for Tacoma. Five years ago, its business was about two-thirds of Seattle's.

Clearly, rivalry does exist, and upstart Tacoma has poached a number of former customers – such as Sealand – from its neighbour.

Some locals attribute the shift in business to Seattle's complacency, and a somewhat bureaucratic environment. More objectively, one might note that Tacoma has considerable space advantages – aided considerably by a recent Indian land settlement.

In spite of a recent lull in growth, the port is suggesting that it could see some 2.8m TEUs handled by 2010, and has drawn up a phased expansion plan on this assumption. Seattle, too, expects growth rates of a similar order, and has its own container terminal development plan.

Meanwhile, the Port of Seattle's attempts to cajole its rival into more co-operation over pricing and other issues, appear to have fallen on stony ground. Tacoma officials remain diplomatic about the competition, but argue that, if business is not fought out between the two local ports, it could be lost to external rivals. Better that someone switches from Seattle to Tacoma, they claim, than from either of these ports to, say, LA-Long Beach.

Where the Port of Seattle does take a clear leading role is in the development of air cargo. This has risen fairly sharply, from just 7,400 metric tons in 1986, to 20,000 metric tons by 1990.

The growth in air freight overall, meanwhile, was marked during the mid-80s but has reduced more recently. In 1987, for example, domestic air freight increased by 21 per cent, and international by 30 per cent; in 1990, these rates were down to 7.1 and 13 per cent respectively.

Tourism, meanwhile, ranks as the area's fourth largest industry – and one glance at the snow-covered mountains, abundant supply of outdoor activities in the state, and picturesque coastline makes it clear why.

Some 530,000 international visitors are estimated to have passed through Seattle and King County in 1990, and total travel expenditures were put at $2.2bn.

In local employment terms, this is plainly significant. More Over 43,000 full-time employees are reckoned to derive their livelihoods from the travel industry. Tourists also produced $88.7m of sales tax receipts and around $7m in local room taxes in 1990.

The region is fairly well-served in terms of facilities. A new convention centre opened in the late-80s, although some argue that this is still too small. Meanwhile, there are more than over 7,000 hotel rooms in downtown Seattle, and some 20,000 or more in Seattle-King County. That, say locals, is about right at present – and the pricey room rates seem to back up this contention. There are, however, fears that if more capacity comes on stream – as seems likely – a measure of oversupply could develop.

Nikki Tait

THE WEEK AHEAD

ECONOMICS

Attention moves to trade figures in search for clear signs of recovery

WITH the UK election out of the way, the race to spot clear signs of economic recovery is on.

The evidence so far has been patchy. Last week's figures were contradictory – manufacturing output rose in March while the rise in unemployment eased, but the Confederation of British Industry's survey of distributive trades showed retail sales falling in February.

Two sets of figures this week will therefore be closely scrutinised.

On Friday the Central Statistical Office publishes figures for retail sales in March and trade figures for the same month. In spite of a recession and an upward trend in exports, the underlying UK trade deficit is still high, at around £1bn on a monthly basis.

Mr Neil MacKinnon, chief European economist at Yamaichi, the Japanese securities house, says: "To run a trade deficit when the economy is in recession suggests that there are acute structural problems. Moreover, as the economic recovery moves on to a firmer footing, the trade deficit is set to deteriorate sharply."

Another fear is that with 57 per cent of Britain's exports going to the European Community, a downturn in economic activity elsewhere in Europe will hurt British exporters.

In Germany, with March marking the peak of West German inflation, April's cost of living figures should show a deceleration in the annual rate to 4.7 per cent. According to Midland Montagu Research, inflation in the second quarter is likely to average around 4.5 per cent. It predicts that from now on, both headline and underlying inflation should decline through 1992.

German M3 data are also released this week. The M3 figure continues to grow outside its target range of 3.5-5.5 per cent a year, slowing only slightly in February to 8.5 per cent. March is expected to show a marginal deceleration in the annual growth to about 8 per cent.

Highlights of the week ahead, with median forecasts in brackets from MMS International, a financial information company, include:

Today: US, March Treasury budget; France, February industrial production (up 0.4 per cent); Denmark, March consumer price index (up 0.2 per cent on month, up 2.4 per cent on year); Canada, February retail sales (down 0.3 per cent).

Tomorrow: US, International Monetary Fund spring meetings (until April 28), Jacques Delors, European Community President meets President Bush; UK, March M0 (up 0.1 per cent on month, up 2.3 per cent on year), March M4 (up 0.6 per cent on month, up 6.1 per cent on year), March M4 lending (£1.5bn); Canada, February wholesale trade (up 0.5 per cent), February department store sales (up 0.2 per cent).

Thursday: Germany, regular Bundesbank council meeting; UK, British Chambers of Commerce quarterly economic survey published; US, April 11-20 car sales (6m), March durable goods orders (up 1.3 per cent), March durable shipments, initial claims for week ended April 11, Money supply data for week ended April 13; Japan, February personal consumption expenditure, February personal income; Australia, February manufacturing output and input prices.

Friday: Sweden, 1991/92 government supplementary budget request; US, first-quarter housing vacancies, March bank credit, March commercial and industrial loans; UK, March retail sales (flat on month, down 2.1 per cent on year), March visible trade deficit (£900m), March current account deficit (£600m); France, March trade deficit (FFr250m).

During the week: Germany, producer prices index (up 0.3 per cent on month, up 2.5 per cent on year), March M3 from fourth-quarter base (up 8 per cent), preliminary figures for April cost of living (up 0.3 per cent on month, up 4.7 per cent on year), March import prices (up 0.4 per cent on month, down 1.1 per cent on year; Holland, March unemployment.

Emma Tucker, Economics staff

RESULTS DUE

SmithKline Beecham, the Anglo-American pharmaceuticals and consumer products group, reports its first-quarter results on Thursday. Analysts expect pre-tax profits to increase about 9 per cent from £253m last year to about £278m.

Underlying growth, excluding currency effects caused by the strong dollar, will be about 4 per cent, with the pharmaceuticals operations underperforming that figure.

The small improvement at the pharmaceutical division is because sales of Tagamet, its anti-ulcer drug, are likely to be static. In addition, the benefits of the company's new drugs will not yet have worked their way through, while marketing and sales costs will be high. A quarterly dividend of about 4.2p per share is forecast compared with 3.75p last year.

Albert Fisher, the foods group, is expected to report on Thursday a drop in pre-tax profits for the six months to end February to about £37m from £45m a year earlier. The dividend could be raised marginally to 1.80p (1.75p).

The stock has virtually halved over the past year to 72p, a drop the company called last December "wholly unjustified". A hot favourite in the 1980s bull market, the stock has been knocked by concerns over weakening markets for some of its products.

Two particular worries are the extent of the slowdown in its North American food service operations and problems with its Dutch shellfish business.

Wace, the pre-press printing group, will report tomorrow a decline in profits after five years of spectacular growth. Pre-tax profits will be around £16m-£18m for 1991 against £26.5m in 1990 and a mere £640,000 back in 1986.

The fall reflects recession in the printing business, not any circumstances connected to the dramatic resignation on January 31 of Mr John Clegg, the young entrepreneur who built up the company. The Department of Trade and Industry is investigating potentially unlawful dealing in shares of two companies Wace acquired or considered acquiring. He denies any involvement.

UK COMPANIES

■ TODAY
COMPANY MEETINGS:
Beradin Hldgs., 3 Clanricarde Gardens, *Tunbridge Wells*, 11.30
Dunedin Income Growth Inv. Trust, Dunedin House, 25 Ravelston Terrace, Edinburgh, 12.00
Pacific Assets Trust, 1 Charlotte Square, *Edinburgh*, 12.30
BOARD MEETINGS:
Finals:
EIS
Greenacre
Ropner
Venturi Inv. Trust
Interims:
Keystone Inv.

■ TOMORROW
COMPANY MEETINGS:
Abbey National, Grosvenor House Hotel, Park Lane, W., 11.00
Delta, The Hyde Park Hotel, Knightsbridge, S.W., 12.00
Gresham Telecomputing, Forte Crest Hotel, Leigh Road, Eastleigh, Southampton, 10.00
Lincoln House, Higham Farm Hotel, Higham, Derbyshire, 10.00
Macallan-Glenlivet, The Macallan-Glenlivet Distillery, Craigellachie, Banffshire, 12.00
Partridge Fine Arts, 144-146 New Bond Street, W., 12.00
Sandell, Nunswood Estate, Princethorpe, Warwickshire, 11.00
BOARD MEETINGS:
Finals:
Bentalls
Capital Inds.
Copymore
Davies & Newman
Dencora
Densitron Intl.
English Natl. Inv. Tst.
Exmoor Dual Inv. Tst.
Freeman
Havelock Europa
Helene
Kingston Oil & Gas
Moss Bros
Reece
Ross
TVS Entertainment
Tharsis
Wace
Interims:
SmithKline Beecham
Titon

■ THURSDAY APRIL 23
COMPANY MEETINGS:
Bensons Crisps, Pembroke Hotel, North Promenade, Blackpool, Lancashire, 12.00
Hall Engineering, Telford Moat House, Forgegate, Telford Centre, Telford, Shropshire, 10.30
Isle of Man Steam Packet, Empress Hotel, Douglas, 2.30
Kalon, *Huddersfield* Road, Birstall, Batley, Yorkshire, 11.30
Lloyds Abbey Life, The Ballroom Inn on the Park, Hamilton Place, Park Lane, W., 11.00
***Lloyds Bank**, 71 Lombard* Street, E.C., 2.30
Owners Abroad, The Barber Surgeons Hall, Monkwell Square, Wood Street, E.C., 11.00
Royal Insurance, The Chartered Insurance Institute, 20 Aldermanbury, E.C., 11.30
Second Market Inv., Norfolk House, 13 Southampton Place, W.C., 10.00
Smaller Co's Inv. Trust, 99 Charterhouse Street, E.C., 12.30
TV-am, Hyde Park Hotel, 66 Knightsbridge, S.W., 11.00
Vickers, Conferance Hall, Millbank Tower, Millbank, S.W., 12.00
BOARD MEETINGS:
Finals:
Etam
Grampian Television
Hartons
Huntleigh Tech.
Intl. Business Comms.
Reed (Austin)
Interims:
Brit Empire Sec & Gen Tst.
Fisher (Albert)
Low (Wm.)
Prestwick
VTR

■ FRIDAY APRIL 24
COMPANY MEETINGS:
Alliance Trust, Meadow House, 64 Reform Street, Dundee, 12.30
Baltic, Browns Hotel, Dover Street, W., 11.30
Burnfield, Peat House, 2 Cornwall Street, Birmingham, 9.30
Gartmore Emerging Pacific Inv. Trust, Gartmore House, 16-18 Monument Street, E.C., 12.00
Lionheart, The Manchester Airport Hilton, Outwood Lane, Ringway, Manchester, 10.30
St. Andrew Trust, Saltire *Court, 20 Castle Terrace*, Edinburgh, 12.30
Transport Development, Galziers Hall, 9 Montague Close, London Bridge, S.E., 12.00
BOARD MEETINGS:
Finals:
Acorn Computer
Berry Starquest
Central ITV
Clayton Son
Downiebrae
Holt (Joseph)
Lamont Hldgs.
Reed Executive
Slingsby (H C)
Walker Greenbank
Interims:
Five Oaks Invs.
Mckechnie

■ SATURDAY APRIL 25
COMPANY MEETINGS:
Victaulic, The Priory Centre, Priory Lane, St. Neots, Cambridgeshire, 11.00

company meetings are annual general meetings unless otherwise stated.

DIVIDEND & INTEREST PAYMENTS

■ YESTERDAY
Islington Corp. 11.9% Red. 2017 £5.95
Persimmon 5.8p
Raine Inds. 2p

■ TODAY
Anglia Bldg. Soc. Fltg. Rate Nts. 1998 £140.93
Bank of New York O'seas Fin. NV Gtd. Fltg. Rate Sub. Nts. 1996 $138.54
Barclays Bank Und. Fltg. Rate Prim. Cap. Nts. Sers. 3 £7300.2
BBL Intl. NV Gtd. Fltg. Rate Nts. 1999 $142.85
Beradin Hldgs. 0.55p
Citicorp O'seas Fin. Corp. Gtd. Fltg. Rate Nts. 1962 *(or after)* $108.85
Commonwealth Bank of Australia Gtd. Und. Cap. Nts. $285.69
Crest Nicholson 0.01p
Eurocamp 5.5p
Latin Amer. Extra Yield Fd. $0.31
Malaysia Fltg. Rate Nts. 2015 $273.82
M & G Inc. Inv. Tst. Package Units 0.75p
Do. Geared Units 0.75p
Do. Income 0.75p
Mitsubishi Warehouse & Trans. 6.35% Bds. 1997 Y167589
Natl. Westminster Bank Und. Var. Rate Nts. $1292.33
Nationwide Bldg. Soc. Fltg. Rate Nts. 1996 £140
Northern Rock Bldg. Soc. Fltg. Rate Nts. 1995 £135.89
Padang Senang 0.8p
Pochin's 8p
3i Fltg. Rate Nts. 1994 £140.33
TSB 5.3125p
Woolwich Bldg. Soc. Fltg. Rate Nts. 1993 £280.65

■ TOMORROW
Amstrad 0.4p
Anglo & O'seas Tst. 4.7p
Britannia Bldg. Soc. Fltg. Rate Sub. Nts. 2005 £28074.92
Dunedin Inc. Growth Inv. 17p
Mitsubishi Capital Inc. Gtd. Dual Basis Bds. A 2000 $3246.61
Do. Gtd. Dual Basis Bds. B 2000 $3025.43
Do. Gtd. Dual Basis Bds. *C 2000 $2788.45*
Polypipe 0.63p
Woolwich Bldg. Soc. Fltg. Rate Nts. 1996 Ecu264.47

■ THURSDAY APRIL 23
Bank of China Fltg. Rate Nts. 1992 $282.76
Coronation Syndicate R0.05
Die Erste Osterreichische Spar-Casse Sub. Fltg. Rate Nts. 1992 $292.29
Foreign & Colonial High *Inc. Tst. 1.2p*
Hibernian Ir1.3p
Kleinwort O'seas Inv. Tst. 1.7p
Natl. Westminster Fin. BV Gtd. Fltg. Rate Cap. Nts. 2005 £279.58
Partridge Fine Arts 1.25p
Serco 8p
TR Pacific Inv. Tst. 0.7p
Tweefontein Utd. Colls. R0.4
Woolwich Bldg. Soc. Fltg. Rate Nts. 1995 £133.64

■ FRIDAY APRIL 24
Afex Corp. $0.1
Anglo American Indl. R2.4
Baring Chrysalis Fd. $0.013
Beatrix Mines R0.35
Brandon Hire 0.1p
Bristol & West Bldg. Soc. Fltg. Rate Nts. 1996 $271.94
Britannia Bldg. Soc. Fltg. Rate Nts. 1998 £268.21
Burnfield 4.1p
Cons. Plantations Bhd. M$0.05
Co-operative Bank 9¼% Irrd. Prf. Sub. Fltg. Rate Nts. 2000 £134.42
Cornwell Parker 1.7p
CPC Intl. $0.3
Grosvenor Dev. Cap. 0.9p
Haggas (John) 1p
Intercare 1.5p
Intl. Inv. Tst. Co. of Jersey 8p
Landeskreditbank Baden-Wurttemberg 10⅜% Nts. 1996 C$103.75
Leumi Intl. Invs. NV Gtd. Fltg. Rate Nts. 1998 $144.56
Lloyds Bank Sers. A Var. Rate Sub. Nts. 1998 £283.13
Metal Bulletin 5p
Murray Inc. Tst. 2.2p
North Sea Assets 0.75p
Provident Financial 16.5p
Sedgwick 8p
Sinclair Goldsmith 0.5p
Smaller Co's Inv. Tst. 1.3p
Takare 1p
Trinity Intl. 5.8p
Walker (Thomas) 0.18p

■ SATURDAY APRIL 25
Bankers Tst. New York $0.7
Conversion 9½% 2004 £4.75

■ SUNDAY APRIL 26
Commonwealth of Australia 11⅜% Ln. 2015 £284.375

CONSTRUCTION CONTRACTS

£25m City of London project

New orders totalling over £39m have recently been awarded to BALFOUR BEATTY BUILDING, including what is believed to be one of the largest office development contracts to be let in London so far this year.

The largest award, worth in the region of £25m, involves the construction of an eight-storey office complex for National Provident Institution in Farringdon Street, London.

The concrete frame building will be clad in Portland stone, granite and brick. The provision of high quality finishings throughout the building, including raised floors and suspended ceilings, also forms part of the contract. Work on the development is due for completion in December 1993.

A £4.4m contract has been received from Equity Law and Life Assurance for the extension and refurbishment of its offices in Wigmore Street, London. The work will include the provision of new floors, ceilings, lifts and mechanical and electrical services.

Work has commenced on a £3.1m contract to build a single-storey psychiatric unit near Bangor for the Welsh Health Common Services Authority. The work includes the provision of an access road and car park.

Also for the Welsh Health Common Services Authority, Balfour Beatty Building is to undertake a £2.9m contract to construct three single-storey extensions to Brecon Hospital. The work will also involve the *construction of a separate* ambulance station and boiler house.

Other recently awarded orders include a £1.3m contract for refurbishment works at the Royal Bank of Scotland's branch at Burlington Gardens, London.

£60m Canadian rail tunnel

The Atlantic Express locomotive exits the old St Clair Tunnel eastwards in the 1890s

MOTT MACDONALD, based in Croydon, has been appointed by Canadian National Railways to design the new St Clair River rail tunnel between Canada and the US in conjunction with HATCH ASSOCIATES of Toronto.

Requiring an unusually large diameter of 9.5 metres to accommodate double stack container freight, the two kilometre long tunnel will replace the 101 year-old existing link which cannot be enlarged owing to insufficient space beneath the river.

The single-bore tunnel will be lined with precast concrete segments and driven by an earth pressure balance tunnelling machine through soft glacial clay with only five metres of cover to the tunnel crown beneath the river bed.

Adding to the technical complexity, the project is to be built to a tight fast-track programme, with construction scheduled to start at the end of this year and finish by the autumn of 1994.

The role of the Hatch-Mott MacDonald joint venture will include design and construction management of the approach junctions, open-cut portals and the new tunnel.

Jacobs Associates of San Francisco will be responsible for cost estimating and soils evaluation will be done by Golder Associates of Canada. O'Brien-Kreitzberg will assist with project management.

Harrogate district hospital extension

A building contract worth £9m has been won by CLUGSTON CONSTRUCTION to expand Harrogate District Hospital for the newly-created Harrogate Health Care NHS Trust.

It means that Clugston has made a promising start to 1992 winning contracts worth £21m since Christmas.

Work at Harrogate starts straight away on building four wards and three extra operating theatres, enabling the NHS Trust to greatly increase the number of beds, including special facilities for the elderly and raise the number of operating theatres to five. Other contracts include a supermarket for Morrisons in Lincoln.

Road diversion scheme near Aberdeen

TRACTOR SHOVELS TAWSE, a member of Evered Bardon, has won contracts worth a total of £11.3m in Scotland.

The largest is for the construction of the Bucksburn diversion of the A96 trunk road near Aberdeen on behalf of Grampian Regional Council. This involves roundabout and bridge construction plus dualling of a section of this route, which will require over 70,000 tonnes of coated materials. *Work on the project is currently underway.*

A similar contract, valued at £4.4m, is for a package of construction work for phase 1 of the infrastructure project for a business park at Maybury, Edinburgh. The work was awarded by Edinburgh Park and will involve site preparation for business units.

Other recently-awarded contracts include the construction of a pumping station worth £1.3m at Montrose for Tayside Regional Council.

£13.6m orders won by Buxton Group

The construction division of the BUXTON GROUP has secured contracts valued at £13.6m, of which over half are design and build.

For Nottingham Hill Housing Trust, *Buxton is to construct a* residential development in Hammersmith consisting of 37 dwellings in a £1.72m scheme.

In Wokingham 35 units of residential accommodation are being provided for London & *Quadrant Housing Trust in a* contract valued at £1.42m.

For St Pancras Housing Association, 37 homes are being built by the Buxton Group on a former garden centre at Farrier St, London NW1 at a cost of £1.69m.

Fitting out London base

BOVIS CONSTRUCTION has begun work on a £50m construction management contract to fit out the new London headquarters of the European Bank for Reconstruction and Development, situated at *One* Exchange Square, 175 Bishopsgate, London EC2.

Fitting out the 367,000 sq ft of floor space involves internal partitioning, ceilings, carpeting, decoration, data and communications installations, *lighting and air conditioning,* all to high standards.

Other works include directors' offices, various facilities, a dealing room, board room and auditorium. Structural alterations are required to meet the design brief of the bank.

Bovis Construction, a P&O company, has made a particular study of how to improve both the quality and speed of the fitting out process. Analysis of all factors involved has resulted in the development of *new techniques and methods* of working which will enable a phased occupation of the building.

Corporate offices

MARRIOTT has won a £14m contract to build *corporate* offices and a warehouse in Atherstone, Warwickshire for Aldi Stores.

Work is already underway on the project and completion is scheduled for February next year.

Refurbishment

BEAZER CONSTRUCTION LONDON has received a £6.6m contract from the London Borough of Southwark for improvement works in North *Peckham, London SE15.*

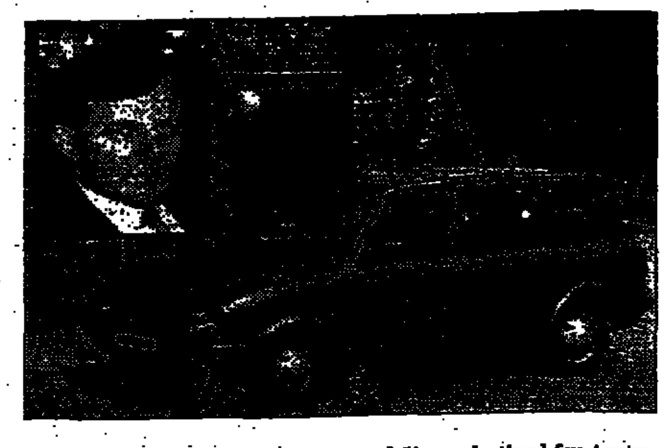
The project comprises the extensive upgrading of 10 five-storey flats and maisonettes, including new staircases, refuse chutes, windows, high level patios and canopies.

Gas terminal

British Gas has awarded the M J GLEESON GROUP, based in Sutton, a £5m contract for the second phase of construction of its on-shore gas terminal at Barrow-in-Furness, Cumbria.

PEOPLE

Hoping to make the cab fit



At 48, Michael Thurlow is taking up cab driving. Well, cab company driving, to be precise; he has just moved into the managing director's seat at Metrocab (UK).

Tamworth, Staffordshire-based Metrocab, after spending some of 1990 parked in receivership, is back in business making the main rival to London's famous FX4 "black taxi".

Metrocab's assets were *bought just over a year ago* – following the failure of previous owner Reliant – by Hooper group, the London vehicle coachbuilder.

As well as steering Metrocab, Thurlow is to remain as finance director of Hooper, which is best known for its "customised" Rolls-Royces and Bentleys.

Thurlow, who has been with Hooper for three years after spending most of his career in South Africa, clearly relishes his new driving role. "I was very much involved in setting up Metrocab (UK)," he says, "and I'm looking forward to running and expanding it."

Thurlow and the current total of 100 Metrocab employees have had plenty to occupy them since Metrocab (UK) became a formal entity last July. The plastic-bodied, purpose-built taxis, with which Londoners are already familiar – they were first launched in the early 1980s – have been substantially re-engineered with an eye to export markets, and 50 are destined for Australia. "We're already up to 16 a week since production restarted in January (with 15 workers)," says Thurlow.

An accountant by training – his "school", like so many UK motor industry men, was Ford – Thurlow will have as Metrocab's chairman Paul Crowder, managing director of the Hooper group as a whole. But with Thurlow settled at the wheel, Crowder is now ready for some back-seat thinking about the strategic development of the group.

■ One of Michael Heseltine's first actions on becoming President of the Board of Trade was to appoint two deputy chairmen to BRITISH COAL – which he will be in charge of privatising before long.

He has nominated Ken Moses and Albert Wheeler, both lifelong coal men.

Moses, 60, has worked his way up from the bottom. He worked underground in the Lancashire pits, rising through the company to become strategic planning director, and earning a doctorate from Nottingham University in 1990.

Wheeler came up through the Scottish and Midlands coal industry and is now in charge of mining operations.

■ Billy Kane, md of WOODCHESTER UK, is leaving to return to Ireland. John McQuaid, head of corporate planning at GPA, is to become group treasury director of Woodchester Investments.

■ Ove Sorenson, former president and chief executive officer of Grand Metropolitan's Haagen-Dazs ice-cream company, is joining United Distillers, the Guinness spirits subsidiary, as president and ceo of its North American operations.

He takes over from Phil Parnell who becomes regional managing director, United Distillers Europe.

Danish-born Sorenson, who has lived in the US for the past 12 years, has overseen the worldwide growth of the Haagen-Dazs brand of premium ice-cream since the GrandMet takeover in 1989. Before that, he held senior marketing and sales positions with Pepsico and Mars.

The moves complete UD's new senior management team under Crispin Davis, who next month takes over as UD managing director from Tony Greener on his appointment as chief executive of Guinness.

■ Jim Nelson, president of Arbor Acres Farm, BOOKER's US subsidiary, has been appointed to the main board; Angus McKenzie is retiring following the disposal of the company's health products interests.

■ BASS, the brewing, hotels and leisure group, has reshuffled the responsibilities of its executive directors.

Peter Sherlock, present chief executive of Bass Leisure, will become president of hotel operations, Holiday Inn Worldwide. He will be responsible for owned and managed hotels in North America, and all Holiday Inn business in Europe, the *Middle East, and Africa.*

Charles Darby will head the group's UK retailing and leisure interests as chairman of Bass Taverns and executive chairman of Bass Leisure.

Jimmy Angles, md of Britvic, will succeed Darby as chief executive of Bass Taverns; and Stephen Davies will take over the Britvic post.

■ Bryan Sanderson (above), chief executive of BP Chemicals, has been appointed a managing director and to the board of BP.

MANAGEMENT

Charles Batchelor offers advice on how businesses can best make their voices heard in Westminster

Bending the ear of your MP

The response of the hotel and restaurant owners of Presteigne, Powys to the recent raft of food hygiene laws was to call on the services of their local Liberal Democrat MP.

Two meetings were arranged for them to explain their difficulties to the MP, Richard Livsey, who then held a third meeting to put their views to the local environmental health officer.

Beryl Darsley, licencee of The Farmers' Inn and organiser of the campaign, says that the pressure the caterers brought through their MP led to a more consistent approach by the environmental health officials.

Unfortunately for Darsley and her supporters, Livsey lost his seat earlier this month. If the campaign is to continue, they will have to brief their new MP.

The election may have caught Darsley and her group in mid-campaign but for business generally the changes wrought by the election and the influx of more than 120 new MPs present an ideal opportunity for businesses to strike up a relationship with their new representative in Westminster.

Despite the belief that lobbying is the preserve of the larger company with its own full-time public affairs department, the smaller business can achieve results - if it goes about it the right way.

"Our members sometimes think they will achieve more if we write on their behalf, but nothing carries more weight with an MP than a letter from a company in his constituency," says Stephen Alambritis, parliamentary officer of the Federation of Small Businesses.

Business owners often forget that they have something to offer their MP, says John Warburton, head of the parliamentary office of the Confederation of British Industry (CBI). "Businesses provide MPs with information, so they can come to more balanced judgements, and give them an opportunity to raise their profile."

Many of the professionals say that the best method is for the business to establish contact with its MP before it has a problem so that if an issue arises he or she will already be familiar with the company. Inviting the MP to visit a factory or getting him to present certificates to apprentices may give him a welcome chance to get his picture in the local paper.

If an issue does come up which requires the MP's help he should be contacted either by phone or letter through his constituency office or his office in Westminster. (Dod's Parliamentary Companion lists MPs' Westminster office numbers and addresses. The House of Commons switchboard number is 071 219 3000. Its public information office number is 071 219 4272).

Small business owners frequently become emotionally involved in issues and do not always put their arguments clearly. "Often they don't prepare a constructive case," says Nicholas Winterton, Conservative MP for Macclesfield. "They unload huge amounts of paperwork on their MPs. They should set out their case on two sides of paper; the facts should be accurate and they should not exaggerate."

Provided the business makes a sound case to its MP, his response is likely to be a letter to the minister involved. The minister will reply to the MP who will pass the response on to his constituent. If this does not produce a satisfactory reply the MP may then press for a meeting between the constituent, the minister and the civil servants.

When Ian Guthrie, owner of Rombalds hotel and restaurant in Ilkley, West Yorkshire, protested about being fined £2,000 by Customs & Excise for filing his VAT returns three days late, Max Madden Labour MP for Bradford West put detailed questions on VAT penalties to the Chancellor the Exchequer.

Businesses should always start their lobbying with their constituency MP, says Alambritis. But many MPs espouse particular causes (MP's interests are listed in Dod's) and will take up a campaign for non-constituents.

Guthrie wrote to his own MP, as well as to local business organisations and the Yorkshire Post newspaper. This prompted Madden, MP for a neighbouring constituency, to take up his case.

Professional lobbyists suggest an informal league table of factors which will influence the enthusiasm of MPs for their constituents' causes. MPs from the ruling party keen on making a ministerial career are less likely to rock the boat than long-standing back-benchers from the opposition. This tends to rule out effective action from parliamentary private secretaries and whips.

MPs with small majorities may also prove more active than those in very safe seats. One businessman who supplies car phones feels his Conservative MP did not take up his complaint about the 1991 tax on portable phones partly because of his 20,000-plus majority.

The determined small business owner can make some progress by using his MP, but may improve his chances of achieving results by broadening his campaign.

The more general the issues the more likely he will gain the backing of his trade association or business lobby group. "We will only take up the broader issues," says the CBI's Warburton.

The London Chamber of Commerce has a seven-strong policy studies department which spends much of its time on "representation" work. "We find it difficult to take up local issues but we do pick up regional and national matters," says Jacqueline Ginnane, who heads the department.

Businesses sometimes turn to professional lobbying consultancies though their fees are too high for some small firms. "We tend to work for large companies or trade associations," says David Robertson, joint managing director of Political Relations.

Robertson believes it is more cost-effective for a small business to lobby through its trade association. Paying a professional lobbyist to monitor forthcoming legislation can cost between £500 and £600 a month; providing a briefing service to MPs and civil servants, £7,000 to £8,000 a year; and a full-blown campaign from £20,000 upwards.

How effective is lobbying? Small firms must be realistic in their expectations, the experts stress. They may ensure that the rules are interpreted in a favourable fashion but only rarely can they force a change in the rules themselves.

The London Chamber of Commerce believes its lobbying contributed to an easing in the last Budget of the terms of the Uniform Business Rate though the government did not grant all of its demands. However David Robertson points to a successful campaign by the contract cleaning industry to open up local authority cleaning contracts to commercial bidders.

"There are occasions when you can help because departments do make mistakes," says Henry McLeish, Labour MP for Fife Central. "More often it is a question not of getting the answer my constituents want but of getting an answer more quickly." McLeish may be being too modest. Government departments do not like to admit they have got something wrong even when an effective lobby convinces them they have.

Baroness takes the wheel

With women setting up in business at a faster rate than men, it is perhaps fitting that Britain's new small firms minister is a woman, Baroness Denton of Wakefield.

Baroness Denton, aged 56, has for the past five years been deputy chairman of the Black Country Development Corporation, a job which exposed her to the problems of small businesses. She has also held a number of company directorships, and spent three years from 1969 to 1972 as a professional racing and rally driver.

The appointment coincides with moving small firms from the Department of Employment back to the Department of Trade and Industry. Small firms groups hope that under a more interventionist minister in the shape of Michael Heseltine the government may undertake a more active small firms policy.

Baroness Denton of Wakefield

The DTI ministerial team possesses unrivalled small firms experience in the shape of Tim Eggar, a former small firms minister, and Neil Hamilton, vice chairman of the Small Business Bureau and a keen supporter of small business causes.

Small business groups are concerned about the breadth of Baroness Denton's responsibilities, which include industry, the environment and (within the department) equal opportunities issues. A second worry is the enthusiasm which Michael Heseltine has expressed for the continental European model of statutory chambers of commerce.

Charles Batchelor

Small firms stick to their own kind

Most small businesses are not as well integrated into strong local networks of contacts as many people generally assume. They are far more likely to have good connections with other businesses in their own sector of industry or commerce, regardless of geographical location, according to a survey* by Kingston Polytechnic, writes Charles Batchelor.

The survey, commissioned by Midland Bank, has implications not only for the way banks sell their services to the small business community, but also for the way other providers of advice and assistance approach this market. Both enterprise agencies and the more recently established Training and Enterprise Councils have problems reaching their local business communities.

Contacts between small businesses and large local companies and public sector organisations are not particularly strong, the survey notes. Many large organisations do not stress local businesses in their purchasing policies.

Neither small nor large businesses participate to any great extent in their local community or economy. Large companies which join their local chamber of commerce or other local bodies often do so out of a sense of *noblesse oblige* rather than any serious commitment.

Most small business owners do not belong to any extensive local network of connections but maintain single relations with other businesses like spokes in a wheel with some of the "spokes" reaching well beyond the local economy, the researchers say.

Businesses are more likely to be linked with their counterparts in the same sector through trade associations, trade magazines, supplier networks, trade exhibitions and other groupings, the survey says. Sector-based networks are particularly well developed in industries such as car manufacture where large manufacturers depend on a wide range of components suppliers, and in long-established sectors such as the pub trade.

Other, newer industries such as electronics and computer services do not have such high levels of trade association membership, however.

The weakness of the local business network mirrors a decline in community life generally over the past 20 years and the ferocity of the past two recessions which have disturbed established economic patterns, the Kingston researchers conclude.

Traditional industries have declined and the emergence of new service industries has destroyed many of the local webs of economic life, they say.

**Small Firms and Local Economic Networks by J. Curran and R. Blackburn. Small Business Research Centre, Kingston Business School, Kingston Polytechnic, Kingston Hill, Kingston upon Thames, Surrey KT2 7LB. Tel. 081 547 7218. £30.*

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NOTICE OF A MEETING OF CREDITORS
THE CONTRACT FURNISHING COMPANY LIMITED
(In Administrative Receivership)

NOTICE IS HEREBY GIVEN pursuant to Section 48(2) of the Insolvency Act 1986, that a Meeting of Creditors of the above-named Company will be held at Westminster Chamber of Commerce, 177 Regent Street, London W1R 8DJ, on 28th April 1992 at 11.00 a.m. for the purposes mentioned in Sections 48 and 49 of the said Act.

A person is only entitled to vote at this meeting if:

a) details in writing of the debt claimed to be due from the Company have been given to us, not later than 12.00 noon on the business day next before the meeting, and
b) there has been lodged with us a proxy which is intended to be used at the meeting.

If you wish to participate in the meeting of creditors, would you please forward details of your claim against the company, and any proxy which you wish to be used on your behalf, to the offices of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB.

Dated this 7th April 1992
Peter S. Dunn FCA
Joint Administrative Receiver

MEETING OF CREDITORS
Pursuant to Sections 98, 99, 100 and 101 of the Insolvency Act 1986
COLOURBOX COSMETICS LTD

NOTICE IS HEREBY GIVEN pursuant to Section 98 of The Insolvency Act 1986, that a meeting of the creditors of the above-named Company will be held at Westminster Chamber of Commerce, 177 Regent Street, London W1R 8DJ, on 24th April 1992 at 2.30 p.m. for the purposes provided for in Section 98 et seq.

A list of names and addresses of the above Company's Creditors can be inspected at the offices of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, between the hours of 10.00 am and 4.00 pm on the two business days preceding the Meeting of Creditors.

Dated this 10th April 1992
Elizabeth A. Bowring, Director

MEETING OF CREDITORS
Pursuant to Sections 98, 99, 100 and 101 of the Insolvency Act 1986
JOHN HARTNETT & CO LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of The Insolvency Act 1986, that a meeting of the creditors of the above-named Company will be held at Latham Crossley & Davis, 2nd Floor, 45 Conduit Street, London W1R 9FB, on 1st May 1992 at 12.00 noon for the purposes provided for in Section 98 et seq.

A list of names and addresses of the above Company's Creditors can be inspected at the offices of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, between the hours of 10.00 am and 4.00 pm on the two business days preceding the Meeting of Creditors.

Dated this 13th April 1992
John Hartnett, Director

IN THE MATTER OF
CUBICLES PLUS LTD
AND IN THE MATTER OF
THE INSOLVENCY ACT 1986

In accordance with Rule 4.106 of The Insolvency Rules 1986 notice is hereby given that I, Peter S. Dunn FCA, a Licensed Insolvency Practitioner of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, was appointed Liquidator of the above Company by the Creditors on 10th April 1992.

Dated this 13th April 1992
Peter S. Dunn FCA, Liquidator
Latham Crossley & Davis
45 Conduit Street, London W1R 9FB

IN THE HIGH COURT OF JUSTICE
NO. 0014001 OF 1991
CHANCERY DIVSION
COMPANIES COURT
IN THE MATTER OF MAXWELL COMMUNICATION CORPORATION plc
AND
IN THE MATTER OF THE INSOLVENCY ACT 1986

Notice is hereby given that a meeting of creditors in the above matter is to be held at: Cafe Royal, 68 Regent Street, London W1R 6EL.

On the 14th day of May 1992 at 10 a.m. to consider our proposals under s.23(1) of the Insolvency Act 1986 and to consider establishing a committee of creditors.

A proxy form is available which should be completed and returned to us by the date of the meeting if you cannot attend the meeting and wish to be represented in order to be entitled to vote at the meeting you must give us not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

for the Joint Administrators

A copy of our proposals and proxy forms may be obtained from:
The Joint Administrators
Price Waterhouse
No.1 London Bridge
London, SE1 9QL
Ref: MCC

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ARTS

THEATRE

The Alchemist/ Macbeth

Malcolm Rutherford

The alchemy works. The Royal Shakespeare Company's production of the *The Alchemist*, which was made of pretty good metal in the first place, has been transformed into gold by the move to the big stage at the Barbican. Here it is now in its full glory, one of the best English comedies of all time.

Sam Mendes's direction at the Swan in Stratford last August was pleasing, but cramped. It looked micro, whereas *The Alchemist* is a macro-play. Consider the range of characters for a start. The villains, Face, Subtle and Doll Common, succeed not only in duping Sir Epicure Mammon, a knight, but also Dapper, the sort of clerk who might nowadays be quite high up in the Bank of England, and Drugger, the tobacconist.

Already we have been through quite a swathe of society. But it does not stop there. The villains expose the gullibility and double standards of the puritans of the Dutch church. Up to a point, they deceive Kastril, the angry boy who arrives in London full of sound and fury and with a rich widowed sister to be disposed of.

Between times, Face, Subtle and Doll have quarrels of their own. It takes a *deus ex machina* in the shape of Lovewit, the master of the house, to come back and restore order in the most genial way. Lovewit gets the widow and the leftover booty as well.

If you think that is not enough in the way of variety, look at the crowd scene towards the end where the neighbours tell stories of all the visits to the house, then doubt their own word when their accounts are denied by Face. Shakespeare in the Roman plays sometimes handled the populace with a similar teasing restraint. The neighbours in *The Alchemist* are lightly mocked: it is a tiny scene, but it is a gem in its own right. Not least there is Ben Jonson's verse. Two of the speeches by Sir Epicure Mammon are up with the best of Elizabethan and Jacobean drama. When he talks of having his beds "blown up, not stuffed" and enjoying "a perpetuity of life and lust", he is using the language of greater heroes. It is the same sort of ambition as expressed by Tamburlaine. Jonson shows that it can also be used in a London town house.

One point may surprise. This is an exceptionally good-natured production. Perhaps it is a trend of the times: one noticed at the Royal National Theatre's production of *The Recruiting Officer* last month how pleasant all the characters had become and certainly *The Alchemist* could be more darkly done. Nobody really gets hurt. The villains could more accurately be described as rogues. The satire is gently administered, but is no less satire for that. What you see is the extent to which virtually everyone is gullible.

Jonathan Hyde and David Bradley are respectively Face and Subtle, the alchemist. By now they are playing so well together that they could just as easily reverse roles. The entire production has become even more of a team performance than it was in the early Stratford days, but there is one part that must be singled out. That is Guy Henry as Ananias, a deacon of Amsterdam. Henry's long face, longer hair and total earnestness make you watch him whenever he appears. Again it is a small part, but another reminder of how much there is in the play.

* * *

The RSC and RNT are not alone, however, in producing stunning versions of the classics. The English Shakespeare Company has been chosen to open the International Theatre Festival in Chicago next month and last week showed its new *Macbeth* to the national press at the New Theatre, Cardiff. The production is directed by Michael Bogdanov and Macbeth is played by Michael Pennington, the ESC's other co-founder.

I was reminded how accurate Shakespeare's titles are. Just as the two parts of *King Henry IV* are ultimately a play about Henry IV and not the surrounding characters, so this production is about Macbeth and not his wife. Pennington dominates throughout; there is never much suggestion of his being "too full of the milk of human kindness". Occasionally he flinches and Lady Macbeth (Jenny Quayle) urges him on, but from the start this is a man who knows what he is doing. At the end he wants to die. It means the diminishing of Lady Macbeth's role in the play, but as an interpretation one can hardly quarrel with it.

The ESC has a habit of picking up contemporary events to make its productions seem more lively. This time it is the Gulf War. What looks like a huge rocket launcher commands the stage at the beginning, and the battle with which the play opens has a touch of modern desert war about it. Later there is the sound of Malcolm arriving for the final push in a helicopter.

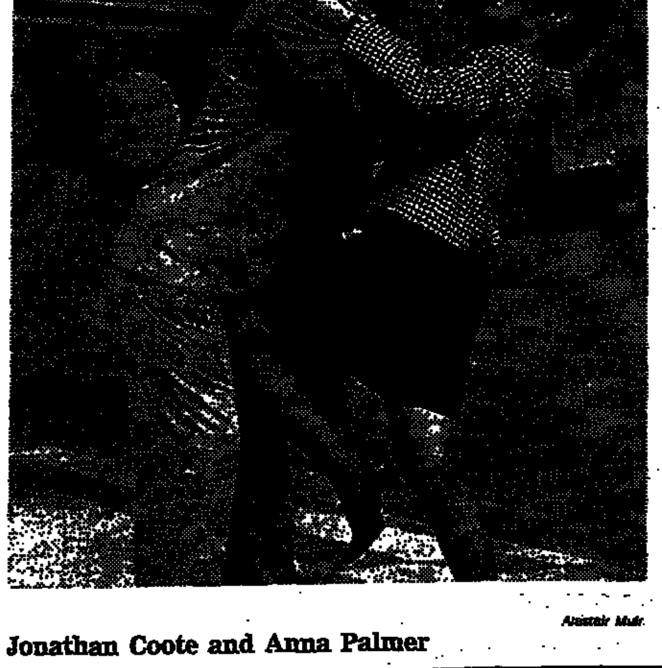
Yet the rocket launcher is variously used. At times it is the steps that ascend to the throne. Memorably Banquo appears at the very top of it in the banquet scene. If you think that the ESC takes liberties in these matters, you have not seen what the Schiller Theatre in Berlin does with the same play. By contrast, Bogdanov and Pennington are quite conventional. Derek Smith's Duncan, for instance, is simply an ageing king, who would not think of commanding Lady Macbeth to his bed as happens in the Schiller version.

The witches are not all that way-out either, though their cauldron is a huge vessel associated with waste disposal and into which they descend. No great point is made, but nothing distracts from Pennington's overwhelming Macbeth.

The Alchemist is in repertory at the Barbican (071) 638 8891. Macbeth, sponsored by IBM, is touring.

Alastair Muir

Jonathan Hyde as Face (top) and David Bradley as Subtle, the alchemist



Alastair Muir

Jonathan Coote and Anna Palmer

Cut and Trust

The scene is the Theatre Royal, Stratford East. For about 90 minutes Patrick Prior, in the latest of his plays excoriating the Conservative government and all its works, has been laying bare the horrors of Trust Hospitals. Every possibility has become a certainty, every cause for concern turned into the scandal of the century. Spectres pour forth of patients waiting in agony for non-existent ambulances; of stroke victims lying unmoved as hospitals argue about catchment areas; of staff canteens replaced by vending machines, and staff rationalised out of jobs.

But then Prior loses faith. Perhaps the audience is missing the point. Best to get an actress to stop the action, mount a soap box, and spell out that Trust Hospitals mark the start of the privatisation of the Health Service.

This insult to the intelligence of the audience hardly matters. Stratford East keeps the Red Flag flying and the paying patrons would be upset if the cast lost faith. It is like a performance of The Good Old Days: outside Major's may trumpet and Heseltine's blow, but inside we know that Left is right. Perhaps turning the whole thing into a pantomime – with Regina Freedman, who plays four parts including an ambulance man with a detachable moustache – shows a lack of confidence. But it adds to the escapist joy of it all.

And it is quite fun. Mr Wentworth (Jonathan Coote, unnervingly like Ken Livingstone) is the £90,000 a year chief executive of a Trust Hospital who mistakes two lunatics released into the community as the new junior Health Minister and her adviser.

The actual Health Minister is, of course, taken to be a lunatic. This crazy scenario allows Prior to be equally crazy in his diagnosis of the current state of the health service.

The argument never rises above the slapstick but the cast know what is expected and guy away like mad. In the tradition of farce, Wentworth is reduced to pretending to be an ambulance, with a flashing blue light strapped to his head, and then gyrating as a limbo dancer to create a sensual voice as he tries to drum up patients by cold calling them on the phone.

Alan Cowan, as the lunatic who talks sense, and Yvonne Edgell as his scatological accomplice, keep the frenzy going. One hopes that no one in Jeff Teare's production believes that this Play School satire is really political theatre.

Antony Thorncroft

Theatre Royal, Stratford East, until May 9th.

The stuff of Zen and Shinto

William Packer

An exhibition, *Earth, Air, Fire, Water*, of the work of the young Japanese sculptor, Takashito Endo, makes a striking initial impact: a huge and solid drum of densely charred wood at one end of the gallery, a circle of not so thoroughly burnt posts at the other, with their tops cupped and filled to the brim with water, and in the middle, lying on the floor, a large broken bronze circle like a giant's bracelet.

Such romantic and associative minimalism is hardly novel in itself, nor is it particularly difficult or obscure in these late modern days, but it is none the less interesting and imaginatively potent. Its affinity to the work of our own middle generation of sculptors, such as Richard Long and David Nash, is clear almost to the point – at a superficial glance – of actual derivation, but to push that impression too far would be both unfair and misleading.

The points of similarity between the British and the Japanese lie with a common feeling for landscape and for the materials of nature and the landscape. The garden is accepted as a work of art by both cultures and, even in our mutual decadence, a sense of long historical continuity is still strong and instinctive. For our part, we still respond to the spirit of place, vested in such things as megaliths, tombs and monuments, relics of an ancient and forgotten past. The point of difference is that while still felt, it is indeed forgotten.

Nash with his low charcoal mound in the forest, like a black barrow, or his ovens and fires, Long with his stone lines, cairns and circles, might hint at old meanings, rituals, beliefs, but the old religion that gave them force is but folk memory and superstition.

Endo, on the other hand, is of a culture that needs no Guy Fawkes excuse for its autumn beacons. The mythic symbolism that informs his work is still the stuff of active belief and daily practice, of Zen Buddhism and animistic Shinto. The fire still purifies and renews what it destroys, the water still succours and revives.

And always there is the form itself, the object as sculpture, to bring the work back into the currency of modernism. The physical presence of these objects is very strong, the smell rich and pungent, the surface irresistibly tactile, the image simple and monumental.

* * *

Meanwhile the upper galleries of the ICA, which remain two of the most beautiful exhibition spaces in London, hold a small show of recent works by the young Scottish artist Callum Innes. He was until lately a figurative painter, an approach he has abandoned in favour of a rigorous yet seductive minimalism. The imagery, such as it is, is the direct and natural expression of the method he has chosen to employ to make it, usually reductive, sometimes passively sedimentary.

He lays a rich ground of oil-paint across the canvas, which he then erodes or removes selectively in various ways. A stiff stump of a brush rubs away the pigment along a single straggling line down the centre of the canvas. Successive trickles of turpentine run down the surface, washing away the pigment. As the spirit evaporates and the paint dries, so the surface wrinkles and contracts to achieve the craquelure of dried mud on a river bed. An ochre wash, with the pigment in dense suspension, dries and settles like the sand as the tide goes out.

Again, the influences are manifest, with Innes looking especially to American minimalists, such as Barnett Newman, Robert Ryman and Morris Louis. But he remains his own man, going further than Newman's bland and inflated graphic simplicity. And, close as he is to Ryman in his physical interest in the surfaces of paint, he rejects his monochrome persistence. He is indeed a romantic, evidently happy in the associative qualities of his work, for all its immediate physical preoccupations. He is no narrow theoretician, no insistent minimalist 'the paint is paint, surface surface man'.

The scale of these things is for the most part merely medium-large, by modern standards. They are scrupulously made and rather beautiful, and of course they do raise certain questions. Is it all just a shade too easy? Just where may the line be drawn between a legitimate painterly enquiry and development and an indulgent, exquisite aestheticism? What is the point?

There can be no answers to such questions, save only what subsequent work affords. Should indeed the work come to confine itself merely to predictable and elegant variation, then those doubts would naturally confirm themselves as positive accusations. But Innes is young enough, and his work properly varied and rich enough to secure, for the moment at least, the benefit of those doubts. He must only let the work lead him where it will, rather than content himself with effects he has already mastered. The pictorial imagination, its spaces conjured by a single wobbly line crossing and dividing a ground, should see him through.

Toshikatsu Endo's Making of Epitaph: Cylindrical II

Institute of Contemporary Arts, SW1, until May 24: Sculpture by Toshikatsu Endo, supported by ISTD Fine Reigate, the Henry Moore Sculpture Trust, Visiting Arts, and the Japan Foundation. *Paintings by Callum Innes.*

Glasgow sweeps Europa Nostra

Glasgow is cock of the walk in European conservation, winning five of the annual Europa Nostra awards for conservation and new construction in conservation areas.

This year the scheme attracted more than 125 entries from 20 countries. It is sponsored by American Express, and the now merged Europa Nostra/International Castles Institute runs it. Seven projects won medals of honour, and 36 won diplomas of merit.

The two British medallists are the Foreign and Commonwealth Office, refurbished to its Victorian splendour, and the 18th century court house and jail in Inveraray, Argyllshire.

Other winners are from Germany (the Hotel im Wasserturm in Cologne, and three ancient revolving windmills at Oberoderwitz), Norway (Arendal town), and Spain (the San Isidro chapel in the San Andres church in Madrid, and a 15th century house in Valencia).

Diploma winners include a fortified church in Romania, Dublin Castle, Trinity College Cambridge, dock conversions in Amsterdam, the Ca'd'oro Building in Glasgow (along with four other schemes there) and the National Trust's restoration of the exotic Victorian garden at Biddulph Grange in Staffordshire.

Gerald Cadogan

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Muziektheater 20.00 Mstislav Rostropovich conducts Boris Pokrsovsky's production of *Life with an Idiot*, new opera by Schnittke. Repeated on Thurs and Sun afternoon (6255 455)
Concertgebouw 20.15 Recital of Schubert piano trios. Thurs and Sun afternoon: Royal Concertgebouw Orchestra. Sat afternoon: Frans Brüggen conducts Mozart. Sat evening: Royal Flanders Philharmonic (6718 345)

■ ATHENS

Concert Hall 20.30 Grigorij Sokolov plays piano music by Schubert, Rakhmaninov and Stravinsky (722 5511)

■ BRUSSELS

Monnaie 20.00 Elgar Howarth conducts a revival of John Cox's 1975 Glyndebourne production of The Rake's Progress, designed by David Hockney, with Michael Myers as Tom and Judith Howarth as Anne. Runs till May 9, with next performances on Fri and Sun afternoon. Thurs: song recital by Sylvia McNair (219 6341). Fri and Sun in Palais des Beaux Arts: Imogen Cooper plays Mozart with the Belgian National Orchestra (507 8200)

■ FRANKFURT

MUSIC
The Alte Oper has Andrew Lloyd Webber's musical Jesus Christ Superstar tonight, plus a piano recital by Mikhail Pletnev on Sat and a choral concert on Sun (1340 400). The Opernhaus has Carmen on Thurs, La clemenza di Tito on Fri, Così fan tutte on Sat and Lohengrin on Sun (236061)
THEATRE
The Schauspielhaus repertory includes The Merchant of Venice on Thurs and Chekhov's Uncle Vanya on Fri (2123 7444). The English Theater Kaiserstrasse has daily performances of Anthony Shaffer's thriller Sleuth, with extra matinee performances on Fri and Sat (2423 1620)

■ GENOA

Teatro Carlo Felice 20.30 Rafael Frühbeck de Burgos conducts Carmen, also Fri and Sun. Sat: Giuseppe Sinopoli conducts the Philharmonia Orchestra in Mahler's Seventh Symphony (589329)

■ LONDON

Covent Garden 20.00 Edward Downes conducts David Freeman's new production of The Fiery Angel, with Galina Gorchakova as Renata, also Fri. Tomorrow, Thurs and Sat: Kenneth MacMillan's Manon (071-240 1066). Tomorrow at Coliseum: Don Carlos (071-836 3161)
Royal Festival Hall 19.45 Ian Humphris conducts the National Westminster Choir in Bach's Magnificat and Haydn's Nelson Mass. Tomorrow: Academy of St Martin in the Fields (071-928 8800)
Barbican 19.45 Christoph Eschenbach is conductor and piano soloist with the English Chamber Orchestra in works by Beethoven and Haydn. Tomorrow: London Oriana Choir (071-638 8891)

■ MILAN

Teatro alla Scala 20.00 Ballet of La Scala in Natalia Makarova's production of La bayadère, repeated tomorrow and Thurs. Sun: Salvatore Accardo, Maurizio Pollini and friends (7200 3744)

■ MUNICH

OPERA/DANCE
Staatsoper 19.00 Bavarian State Ballet in John Cranko's production of Romeo and Juliet, also Thurs. Tomorrow and Fri: Tosca. Wed and Sat: L'Italiana in Algeri with Agnes Baltsa (221316). Jorma Hynninen gives a Lieder recital on Fri in the Residenz (156608).
THEATRE
The repertory at the Residenztheater includes Ibsen's Ghosts tonight and Goethe's Torquato Tasso on Thurs (225754). The Kammerspiele has Ernst Barlach's play Der blaue Boll tonight, Thurs and Sat, a Samuel Beckett evening tomorrow and Ibsen's The Lady from the Sea on Sun (23721 328)
● A selection of theatre and concert tickets is available at Konzertkasse Beck on the fourth floor of the Beck department store at Marienplatz 11

■ NEW YORK

Metropolitan Opera 20.00 American Ballet Theatre triple bill, including Michael Smuin's new choreography Peter and the Wolf, repeated tomorrow. Thurs: first of eight performances of Giselle. ABT season runs till June 20 (362 6000)
Avery Fisher Hall 19.30 Klaus Tennstedt conducts the New York Philharmonic Orchestra in Sibelius Violin Concerto (Nigel Kennedy) and Brahms' First Symphony. Thurs and Sat: Masur conducts Mahler (875 5030)

■ PARIS

Palais Garnier 19.30 Pierre Lacotte's Opéra Ballet production of La Sylphide, also tomorrow and Thurs (4017 3535)
Opéra Bastille 19.30 Ion Marin conducts Roman Polanski's production of Les Contes d'Hoffmann, also Fri. Tomorrow and Sat: un ballo in maschera (4001 1616)
Auditorium, Forum des Halles 19.00 Pavel Berman plays violin sonatas by Debussy, Franck and Schnittke. Tomorrow: Ysaye Quartet. Thurs: song recital by Sharon Sweet. Thurs in Châtelet: first of four performances of the Boulez/Stein WNO production of Pelléas et Mélisande (4028 2840)

■ ROME

Teatro dell'Opera 20.30 Giuseppe Sinopoli conducts the Philharmonia Orchestra. Tomorrow, Fri, Sun: Roland Petit triple bill (488 3641)

■ UTRECHT

Vredenburg 20.15 Orlando Quartet in works by Haydn, Shostakovich and Schubert. Sat: Spring Blues Festival with Buckwheat Zydeco, Charlie Musselwhite Band and others. Sun: Frans Brüggen conducts the Netherlands Radio Symphony Orchestra (314544)

■ VIENNA

Staatsoper 19.00 Un ballo in maschera. Tomorrow: Le nozze di Figaro (51444 2960). Tomorrow in Konzerthaus: Tatiana Grindenko and the Moscow Chamber Academy. Thurs and Fri: Gary Bertini conducts the Vienna Symphony Orchestra (712 1211). Fri, Sat afternoon and Sun morning in the Musikverein: Seiji Ozawa conducts the Vienna Philharmonic (505 8190)

■ WASHINGTON

CONCERTS/DANCE
Kennedy Center Hubbard Street Dance Company, drawing on the traditions of jazz, modern dance and ballet, performs in the Eisenhower Theater every night till Sat, plus Sun afternoon (next week: Stuttgart Ballet). Tonight's National Symphony Orchestra programme of Wagner and Strauss is conducted by Zdenek Macal. Thurs, Fri and next Tues: Hermann Michael conducts symphonies by Haydn and Schumann, with Jean-Yves Thibaudet soloist in Liszt's First Piano Concerto (467 4600)

THEATRE
● Aristocrats: Brian Friel's 1979 comedy of family secrets and nostalgia, set in an Irish country house. Opens tomorrow, runs till May 24 (Washington Stage Guild, 529 2084).
● White Money: a black comedy about the American media by Julie Jensen. Runs till May 2 (Source Theater, 462 1073).

JAZZ/CABARET
Barns of Wolf Trap Tomorrow's show is entitled African Roots, linking New World African American music to Old World sources: the McIntosh Country Shouters from Georgia, bucket drumming from the streets of Washington DC, and Big Jack Johnson and the Oilers, a blues band from the Mississippi Delta. Sat: Spanish music traditions, with the Colon family play Puerto Rican string music known as jibaro, Ivan Cuesta and his band playing African Indian accordion dance music from Colombia, and marimba music from Mexico (703-938 2404)

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Super Channel
0830-0900 (Mon) FT East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Tues) Media Europe – what's new in European media business
2130-2200 (Wed) FT Business Weekly - global business report with James Bellini
0830-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly

Sky News
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

SATURDAY

CNN
0900-0930 World Business This Week - a joint FT/CNN production
1900-1930 World Business This Week

Super Channel
1930-2000 FT Eastern Europe Report

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1800-1830 FT Business Weekly

Sky News
1330-1400, 2030-2100 FT Business Weekly

FINANCIAL TIMES

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Tuesday April 21 1992

Next stage of Russian reform

THE RUSSIAN government appears, for the moment, to have won its game of chicken with the Congress of People's Deputies. That victory owes much to the absence of any plausible alternative to the policies of the government; it owes much to the commanding place still held by Mr Boris Yeltsin; but it owes nothing to the enthusiasm of the people for the hardships of economic reform.

The government may be unbowed, but it has been bloodied. It walks a politically narrow path between the chasms of hyperinflation on the one side and of economic collapse on the other.

Whatever its difficulties, the government must be given the benefit of the west's doubts. It is composed of young, competent, western-oriented technocrats and, in Mr Yegor Gaidar, possesses a leader who has grown rapidly in stature, not least following his confrontation with the Congress.

Furthermore, it is the first government that has actually undertaken reform, rather than just talked about it. The price liberalisation of the beginning of the year has already eliminated queues and put downward pressure on demand. The higher price of petrol announced yesterday is an important further step. An announced budget deficit of less than 2 per cent of gross domestic product in the first quarter, a credit squeeze and, by Russian standards, high interest rates have helped to constrain inflation, even if it remains at uncomfortably high levels. The government hopes to lower the monthly rate of inflation to 3 per cent a month (an annual rate of 40 per cent) by the end of the year.

Backsliding

This is good, so far as it goes; but it does not go far enough. Worse, there is danger of backsliding. Increased monetary financing of the budget is probable. The government is also committed to a Rbs 200bn expansion of central bank credit to the economy, which is expected to generate a total increase of Rbs 400bn-Rbs 500bn, a rise of about a quarter.

That expansion is supposed to be targeted selectively on agriculture, investment and viable state enterprises. But it is also a response to an explosive increase in inter-enterprise bad debt, now about Rbs 900bn, a fifth of GDP. The scale of the bad debt shows how little has changed in the behaviour of state enterprises. Equally revealing is their failure to adjust prices to falling demand. In these circumstances, the planned monetary expansion may simply pour monetary petrol on the hyperinflationary blaze.

Broad consensus

The government's macroeconomic difficulties, along with its increasing determination to intervene more directly in the economy, reflect the latter's structural defects. A radical programme of privatisation and demonopolisation, in which currency convertibility will play an important part, is a high priority. On this, the government and its academic critics agree.

For the west, the case for early and generous assistance remains overwhelming. It would remain so even if the stabilisation fund were to be used to support an adjustable exchange rate, as the government now suggests, rather than a fixed one.

But the price for western support must include a consistently tight monetary and fiscal policy, swift privatisation of retail and wholesale trade, rapid moves to world prices for the principal commodities, above all oil, and accelerated change in the economic structure, including establishment of clear rights for private property.

No less important is clarification of the relationship between Russia and other members of the Commonwealth of Independent States (CIS). Members that are not prepared to co-operate in monetary control should leave the rouble area forthwith. In return, the west should help develop payment and credit arrangements that allow energy-poor CIS states to survive when Russia moves, as it should, to world prices.

Russia is a country of huge potential. Nothing could justify a permanent aid programme of the scale now contemplated for this year. Large sums can be justified, but for a strictly limited period, perhaps five years, after which Russia will either be a recipient of huge private inflows or reform will have failed. Russian reform remains a great gamble, but for a great prize. The Congress has not made the bet worse. The west would still be right to take it.

A house for arts and sport

THE CREATION of a Ministry for the National Heritage is in many ways a natural extension of Mr John Major's desire to preside over a country "at ease with itself". As the nation spends more time at leisure, it is reasonable that the activities of the central government, so far as they are necessary, should be brought together under one roof.

Until now, the approach of successive British governments has been piecemeal: a ministry for the arts, occasionally upgraded, a minister for sport, sometimes more visible than at others, and broadcasting kept with the Home Office. Other departments had a say, including education, environment and even defence, as well as the Scottish and Welsh offices. When it came to the saving of a national treasure, it was not always clear who was in command or indeed who defined what a national treasure was.

Mr David Mellor's new office should help to produce clarity. It should be remembered, however, that the establishment of a new department of state has not always proved easy. It can lead to inter-departmental rivalries and does not always attract the best civil servants. The department of economic affairs was set up with great fanfare by Harold Wilson in the mid-1960s, but quickly faded away.

Showpiece department

Mr Mellor's first task, therefore, with the prime minister behind him, is to show that the new ministry is here to stay. It will need to be properly housed and properly staffed and not reserved, say, for civil servants unlikely to make it to the top of the Treasury. It should set out in time to become one of the showpieces of any competent British government, for – however indirectly – its activities will affect the lives of the people quite as much as do those of any other department.

Precisely because it is new, the ministry has the opportunity to get its priorities right from the start. Despite the understandable complaints from those directly involved in writing and performing, the state of the arts in Britain is not all that bad. The two leading subsidised theatres in London frequently perform to packed houses, and there is a wealth of talent in the regions. British sport may not be the best in the world, but usually manages to be represented in international competitions, if not to win. British broadcasting (not only the BBC) is often envied from abroad.

Fragile financing

The problem is that so much of the financing is touch and go. Commercial sponsorship of the arts, as an additional source of revenue, may have reached its peak even before the current recession set in. Standards of English cricket may have declined because there is less of it in schools and the local authorities lack the funds to provide the facilities while teachers have become less willing to stay behind after school hours.

Meanwhile, there are repeated arguments about how far resources should come from national or regional bodies. The Arts Council is still in the throes of such a dispute. There is also the valid point that if funds are spread widely, they are spread too thin – perhaps to the detriment of the great national companies. No one has yet found the perfect solution.

Mr Mellor and his ministry have the chance to look at all these questions anew. They should be in no hurry to reach conclusions. One principle, however, should be paramount. The ministry is there to provide a framework for the support of cultural and sporting activities in Britain. It is not there to run them. The system of using arms length bodies, such as the Arts Council, to make the detailed allocations should be kept. Equally, on broadcasting Mr Mellor has time to examine all the possibilities for the future well ahead of the expiry of BBC's charter in 1996 and to do so without prejudice.

For the arts and sports in general he may even provide more money. Government funding of the arts has risen under the Conservatives, but only from 0.15 per cent of general government spending in 1978-79 to 0.19 per cent in 1988-89. That is not enough for the kind of society Mr Major obviously wants.

John Willman examines the shake-up in the provision of UK public services

Wider choice in the marketplace

With the election of a fourth-term Conservative government, Britain's public services look set for the biggest shake-up since the post-war Labour government created the modern welfare state.

In the last parliament, fundamental reforms were launched in services such as health, education, housing and care of the elderly. Plans were laid for contracting out more of the work of central and local government to the private sector. The Citizen's Charter promised a new relationship between users and providers of public services.

But progress in most of these measures was slow – not least because many working in the public services were waiting to see whether they would be reversed by a change of government. Now, the return of a Tory government with a majority clears the way for the pace of change to accelerate.

The reforms will revolutionise the provision of Britain's public services. By the time of the next election, most services will largely be delivered by independent, competing providers under contract to central and local government.

Government will play a strategic role, acting as a regulator rather than being closely involved in the management of services. The customer will be encouraged to use new rights and entitlements to choose between competing providers and to demand better services.

The government will continue as the main source of funding for Britain's public services. But in the debate over the quality of those services, the individual user will increasingly be in the driving seat.

The reforms are most advanced in the National Health Service (NHS) and education, where opposition has been deeply rooted among the professionals. In the NHS, there will be a surge in the numbers of hospitals seeking independent trust status. An additional 99 trust hospitals joined last year's first-wave pioneers on April 1 and the Department of Health is already preparing further hospitals, community and ambulance services for trust status in 1993. Within the next two to three years the self-governing trust, operating with its own board outside health authority control, can be expected to become the normal method of local management throughout the NHS.

GP fundholding, under which family doctors hold budgets and purchase hospital care on behalf of their patients, is also growing. The 300 practices which became fundholders in 1991 were joined by another 250 practices on April 1, so that fundholding already covers 15 per cent of the population.

Currently confined to big practices, the minimum list size needed for GPs to qualify as fundholders will drop from 9,000 to 7,000 patients from next year. The services covered by the fundholding scheme will be extended next year to health visiting and district nursing. And with experiments designed to allow even the smallest practice to purchase services on behalf of patients, fundholding will become the norm within a few years.

Once that happens, it will be the family doctor who becomes the linchpin of the NHS, commissioning health care and choosing hospitals in the internal market. The district health authorities will wither away, leaving the regional health authorities to dispense money to the fundholders and provide finance for trusts where needed.

In education, only 200 schools have so far opted out of local education authority (LEA) control for grant-maintained status. But many of the 5,000 secondary schools in England and Wales are now likely to follow suit. At present, the incentives to opt out are considerable. Apart from freedom from LEA interference, grant-maintained schools are allocated a share of the LEA's administration budget to spend on extra teachers, buildings, materials or whatever the governors wish.

With individual schools now receiving resources largely in proportion to the number of pupils they attract, schools will increasingly compete as independent units in the marketplace for pupils. More schools will opt for selective entry or specialise in other ways, such as the city technology colleges.

The LEA will shrink to an "educator of last resort" and local education ombudsman. Functions such as inspection, which it now provides to schools, will be bought in from the private sector.

In local government, services such as refuse removal and street cleaning are already subject to compulsory competitive tendering (CCT) where the council workforce has to compete against bids from private contractors. But CCT is to be extended to core town hall functions such as collection of local taxes, architecture and planning.

At present, four out of five contracts put out to tender are won by the council workforce. But even when the work stays in-house, the process of tendering for it is revolutionary, for it turns the council workforce into a semi-independent organisation, which needs to win contracts to survive.

Much more council housing is likely to pass out of local authority ownership through transfers to housing associations and action trusts. Councils may retain the right to nominate people for tenancies, but will surrender the management of rented housing to the voluntary sector which can more easily raise finance for renovation.

The separation of purchasing and provision is set to be extended next year into the care of the elderly and handicapped, with the introduction of the community care reforms. Local authorities will become responsible for purchasing care, but will buy services from a wide range of providers: the voluntary and private sectors, as well as their own social services departments.

The cumulative effect of all these developments will be to turn the local authority into a purchaser of services on behalf of the community, increasingly distanced from their provision. This will allow it to concentrate on improving standards rather than on its responsibilities as an employer or landlord.

A similar revolution in separating purchasing and provision of public services is under way in central government. Many Civil Service functions have been reorganised into executive agencies – separate organisations with management autonomy which contract with government departments to deliver services such as the payment of benefits and running jobcentres.

Competitive tendering will expose more of the Civil Service to the pressures already the norm in local government. Some government support services such as security, photocopying and cleaning have been contracted out. But a much wider range of clerical, administrative and professional functions is to be opened to competition.

All government departments have now submitted to the Treasury details of work they intend to put out to tender in the summer. In the Inland Revenue, for example, this covers more than one in four of its 65,000 jobs.

By the next election, the slimline government departments which will be left could concentrate on policy-making and managing the contracts under which the work is done.

Perhaps only in public transport are such initiatives lagging behind. But it is possible to discern the emergence of a similar outcome from the government's watered-down plans for privatising British Rail. With outright privatisation now rejected, only BR's freight operations will be sold off. However, private sector operators will be allowed to run trains on BR's tracks, and train services will be franchised out to the private sector. Ultimately, BR could be left with little other than the tracks, which private operators pay to use.

If road pricing were introduced so that road transport operators also had to pay for the use of the infrastructure, all services would effectively be in the private sector competing on all fours. Public transport would be provided by private operators who would receive subsidies to run loss-making but socially desirable services.

Over the next five years, public services will be increasingly bought in from private contractors; public sector organisations will increasingly be expected to behave like and compete with private companies. The divide between the public and private sector will blur and become largely irrelevant.

Government's role will also change, as it withdraws from the day-to-day management of public services. Instead it will assume a regulatory role, guarding the public interest on matters such as service quality, prices (where there are charges) and competition.

It will encourage the establishment of a direct consumer relationship between the users of public services and the providers through the Citizen's Charter. This requires each service to provide its customers with details about quality. Information will be published on the performance of services through league tables and other means. And they will be forced to offer redress – including cash compensation – when targets are not met.

The aim is to turn the user into a consumer operating in a public services marketplace with competing providers to choose between and the power to punish them when performance falls below standard.

It is an ambitious programme. If it succeeds, it could lead to a depoliticisation of the public services, in the same way that the privatisation of utilities such as gas, water and BT has taken them out of the political arena. Just as voters no longer appear to hold the government responsible for the service failures of the utilities, they may feel that shortcomings in health and education are the fault of individual hospitals and schools, rather than the health service or state education.

Such hopes may be premature, attractive though they would be from the government's point of view. While there is scope to improve the quality of public services within their existing budgets, significant improvements in some services will require additional resources. In the end, the government cannot abjure responsibility for public services so long as it is the main source of their funding.

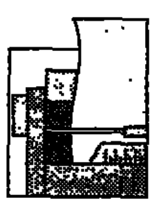
Nonetheless, the reforms will change the UK's public services beyond recognition as well as the terms of debate over those services. The argument will now move on from who is to provide public services to the nature and quality of the services to be provided.

Additional reporting by Andrew Adonis, Alan Pike and Richard Tomkins.

PERSONAL VIEW

An unexplored territory

By Alexei Pankin



Political analyses of the Commonwealth of Independent States (CIS), in particular of relations between its most powerful member, Russia, and the smaller republics, regions and provinces, suffer from one fundamental flaw: commentators have assumed that the latter are stable.

This is not the case. In many respects, the future of the republics is insecure. There is both internal unrest within individual CIS members and open external hostility between some of them. Bloody clashes have erupted between Moldova, Gagauz, and the Dniestre republic (in the territory of the former Moldavia); in Belorussia, radicals are demanding the dissolution of their present parliament.

But even if we suppose that the smaller new states are fortresses of stability, the region's geopolitical future is still hazy because of the uncertainty over the future of the Russian federation itself.

In recent months the following examples of tension have emerged between the Russian federation and its territories:

- the territory of Krasnoyarsk intends to proclaim itself a republic;
- more republics have declared the supremacy of their laws over the laws of the Russian federation;
- Tatarstan announced a referendum on the independent status of the republic.

In the past year several autonomous republics of the former Soviet Union have proclaimed their sovereignty while a number of administrative territories have declared their wish to acquire the status of republics. National self-determination is clearly being supplemented with regional identities.

In many more cases, regions and provinces are not merely making dramatic gestures by proclaiming themselves republics but are simply adopting a selective approach to relations with Moscow. They carry out only those federal decisions that coincide with what they were going to do anyway.

Two developments have provoked these devolutionist sentiments. First, local bosses of political and economic institutions expected strong leadership from the Russian administration, but they have been disappointed. Second, in the transition to a market economy, local bosses want to control and distribute resources themselves.

The former command system of economic relations between the centre and the provinces has now been replaced by a more democratic "give and take" system. However, under this arrangement, republics will not be treated seriously if they only take and not give; this is the present position of Moscow.

If this pattern continues, republics, regions and territories will ignore Moscow and other capitals and build their own relations with other elements of the former Soviet Union and with the outside world. Indeed, when these relations are based on commerce this may be a healthy process.

"If Boris Yeltsin is quarelling with Dudaev (the president of the Chechen republic which is not recognised by Russia), this is their problem. My business with the Chechens continues as usual," said a capitalist from the city of Rostov-on-Don in the south of Russia.

Unfortunately, we have too few businessmen and too many politicians. And politicians can conjure up an infinite number of self-serving alignments within our disintegrating heartland to defy the richest imagination.

For example, the rebellious President Dudaev of Chechen is calling for an alliance of oil-producing republics of the Russian federation against Russia itself. This may sound crazy, but it is no more so than the frighteningly real armed intervention of the Don cossacks in the conflict between Moldova and the Dniestre republic.

How does the west fit into this picture? Perhaps the most significant development in the period following the collapse of the Soviet Union has been the rapid erosion in the west's ability to influence events in the republics.

In the Soviet Union the west could have exerted control over events by balancing its support between President Mikhail Gorbachev and the republics' leaders. Today, relations between Russia and its territories are analogous to that which existed between the "centre" in the former Soviet Union and the republics.

I hope I am mistaken but I believe that regionalism in the newly independent republics is unexplored territory for western observers, many of whom are unfamiliar with both the provinces' leaders or their complex political and social processes.

Perhaps the best thing that could be done now is for western states to establish a permanent presence in the key regions.

There are precedents: there were 16 consulates in Rostov-on-Don before the October revolution. And the consuls successfully combined diplomacy with business. John Martin, the US consul, for example, owned a mechanical plant, a mill, a wool factory and a trading house in Rostov-on-Don. Many useful lessons can be drawn from the past.

The author is deputy editor of Mezhdunarodnaya Zhizh, a Moscow journal

A kiss of life from across the border

Nicholas Denton explains why Hungary is looking to western investment to modernise industry and fuel an economic recovery

Economic reform has created more pain than gain for most of east and central Europe, which is grappling with rising unemployment and falling incomes. But there are growing signs that Hungary could become the first post-communist economy to halt the spiral of decline as foreign investment rises to take up the slack created by weakening state industries.

Hungary, the smallest of the three post-communist central European states, is quietly attracting the lion's share of western investment into the region.

Foreign capital of more than $1.7bn flowed into Hungary last year as multinationals built greenfield plants and took over privatised state companies. The cumulative total since investment was liberalised in 1988 has now surpassed $3bn, about 60 per cent of the total for all of eastern Europe. Even so, foreign investment can only be supplementary to the mobilisation of domestic savings and the development of financial and other institutions needed for the more efficient capitalist utilisation of Hungary's own resources.

Hungary's small size makes foreign investment more visible. Capital inflows came to more than 5 per cent of gross domestic product in 1991 – a proportion more common in the rapidly growing economies of east Asia than eastern Europe.

Foreign companies already dominate some industrial sectors. General Motors, Suzuki Motor Corporation and Ford have set up Hungary's car and component industry. Privatisation sales have placed the bulk of the cigarette, distilling, sugar, confectionery, bread, newspaper, paper, cement and glass industries in the hands of western groups.

The prospect, in the more technology-intensive sectors of the economy at least, is one of western economic domination. Yet Hungary views this with an equanimity which marks it out from its neighbours.

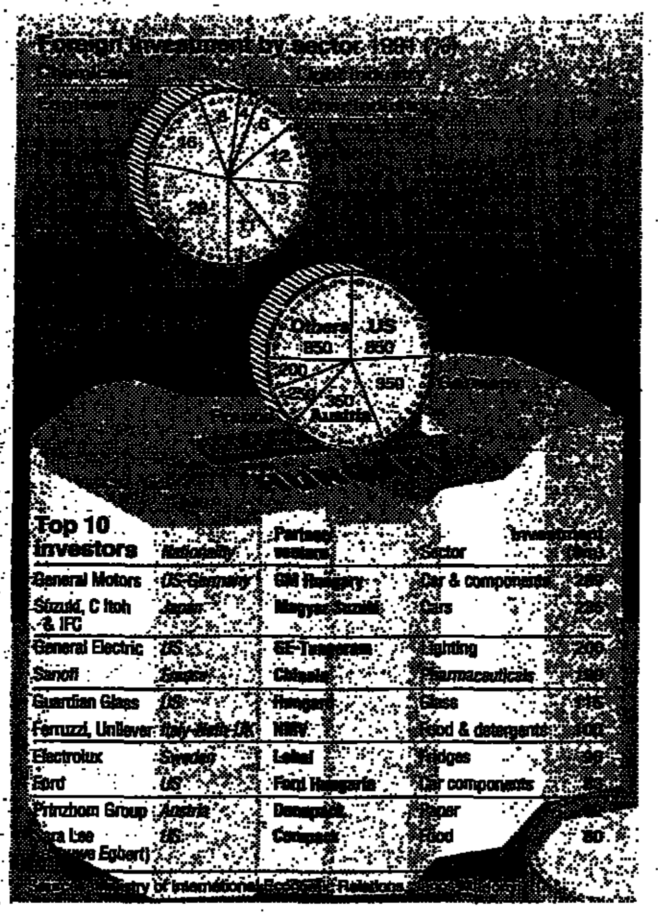
Hungary does not share the fears of German influence that fuel economic xenophobia in Poland and Czechoslovakia. It has no territorial disputes with Germany, and the two countries have been allies for much of the period since the First World War.

Rather, the Budapest government is more wary of the potentially destabilising effect of the disintegration of Yugoslavia to its south and the fate of several million ethnic Hungarians in other neighbouring states. Consequently, Hungary views the western presence as securing rather than limiting its independence.

"National security can only be guaranteed by those big countries that have investment here and an interest that nothing happens to it," says Mr Istvan Forrai, personal secretary to the prime minister, Mr Joszef Antall.

Mr Forrai would doubtless appreciate the presence of Suzuki Motor Corporation's factory at Esztergom, which begins assembling cars this summer. The Japanese motor manufacturer is a more welcome occupier of the site than was its predecessor – the Red Army. Under the assembly line lies buried the firing range of the old Soviet military base.

Budapest seeks foreign investment not only to introduce sophisticated technology and manufacturing techniques, but also to ease domestic financial constraints. Hungary is burdened with a foreign debt of $20bn, and has the highest per-capita borrowings in eastern Europe. Servicing such large borrowing is made possible only by inflows of foreign funds. The government has taken steps to draw in western capital by implementing an attractive investment regime.



10-year tax concessions are available for joint ventures in manufacturing

Ten-year tax concessions are available for joint ventures in manufacturing and licences for foreigners are required only in banking.

Policy-makers have also taken a liberal stance towards the disposal of state industries. Privatisation has been as far as possible to state company managers and foreign buyers have been encouraged. Last year, about 80 per cent of privatisation sales were to foreign companies.

Cost considerations and market potential have also played their part. Labour costs are a fraction of those in western Europe, though the gap is gradually closing. Even at General Motors' new Szentgotthard car and engine plant, which pays well above the average, labour costs of DM 4 (£1.40) per hour are about a tenth of west German levels. But productivity is also low, and companies such as General Electric have laid off thousands of workers as part of their reorganisation.

What they have found, however, is that highly educated research and scientific workers are significantly cheaper than in the west. GE has moved four of its nine lighting research centres to Tungsram, its Hungarian lightbulb-making subsidiary.

Investors, particularly from Japan and the US, have also been attracted by Hungary's location. Situated alongside the European Community, and having concluded a free trade pact with the EC which took effect last March, Hungary provides a strategic export base from which to exploit western Europe's market.

Many western companies are looking not only to meet EC demand but to establish a presence in the Hungarian market in anticipation of the country's eventual economic take-off.

The logic is straightforward for companies such as Unilever, the Anglo-Dutch food and consumer products company, which recently took over the margarine, detergent and soap business of Hungary's NMV. Mr Jan de Jong, Unilever's regional director for continental Europe, describes the investment as a bridgehead to establish a market share and to provide a base for expansion.

The twist is that the potential of the Hungarian market itself depends on the ability of foreign investors to invigorate the local economy after last year's 8 per cent drop in GDP.

Some effects of foreign capital inflows are visible. Already, these funds have eased Hungary's balance of payments, allowing the central bank to quintuple foreign exchange reserves from a nadir in 1990 of $800m to more than $4bn.

In individual companies, where foreign involvement has had time to work, the results have been impressive. In two years at its Tungsram plant, GE has raised production by 28 per cent with 30 per cent fewer employees. The company has made Hungary its worldwide centre for producing small fluorescent lamp bulbs.

Joint ventures, collectively, have also performed much better than the average Hungarian company. Sales and profits per employee are about double the average, and hard-currency earnings per head almost triple, according to the most recent official statistics.

For the foreign companies which have moved into Hungary, as for the Hungarian government, the question remains whether the influx of capital and expertise will reach the level needed to trigger general economic expansion.

When growth does resume, possibly as early as the end of the year, much of the benefit will accrue to foreign companies. But Hungary, impatient to raise living standards to those of its western neighbours, believes that part of the loaf is better than none.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Crisis is no fault of Free Democrats

From Mr Peter Pulzer.

Sir, Mr Bryan Cassidy is profoundly mistaken (Letters, April 14) in attributing the current German crisis to "Chancellor Kohl's having to depend upon the support of the Free Democrats in coalition". It is the Free Democrats who advocate faster privatisation and a reduction in subsidies. But for their presence in the government the slow response of which Mr Cassidy complains would be slower still.

No doubt some coalition governments can lead to stagnation and mutually imposed vetoes. But coalition partners can equally easily act as spurs, as has been the case more than once in post-war Germany.

Peter Pulzer,
Gladstone professor of government and public administration,
All Souls College,
Oxford OX1 4AL

Social Chapter will only handicap European companies

From Sir Brian Corby.

Sir, Your leader of April 14 ("Mr Heseltine at industry) highlighted a number of reasons why CBI members welcome Mr Michael Heseltine's appointment. We have long argued for a more effective and re-focused Department of Trade and Industry.

It is, clearly, not for me to speculate about Mr Heseltine's intentions. He is well placed and capable of speaking for himself.

But I thought that I should draw attention to a fallacy in your leader which has important implications for Britain in Europe. You state that because Mr Heseltine believes (with the CBI) that every company should have effective communications with its workforce, it is "difficult to see why Mr Heseltine would want to resist the Social Chapter of the Maastricht Treaty".

The reason is plain, and is summed up in the word "subsidiarity". We believe that effective employee participation and communication comes from voluntary action by companies,and that the Social Chapter of the Maastricht Treaty will only handicap European business in its bid to compete with the rest of the world – a view shared by our colleagues throughout Europe.

As it happens, British business has made notable progress in improving communications and in securing the involvement and commitment of all employees over the past five years – as our recent publication, Europe After Maastricht, made plain.

These efforts can only be set back by bureaucratic interference from Brussels.

Brian Corby,
president,
Confederation of British Industry,
Centre Point,
103 New Oxford Street,
London WC1A 1DU

Too beefy an argument

From Mr Geoffrey R John.

Sir, Michael Prowse, in reviewing Jeremy Rifkin's book entitled "Beyond Beef", (April 10) does not appear to have completely suspended his critical faculties since he describes it as a tirade, an exaggeration and a metaphor. But he was at fault in re-cycling so much misinformation in the context of his review.

For example, he says "the argument about poverty is straightforward". Would that it were! The land conversion factors comparing the productivity of cereals, legumes, leafy vegetables and cattle assume the same high quality land, whereas most grazing land is too cool, too wet, too dry, too high, too steep or too rough to be used for crops. And so, worldwide, 80-85 per cent of the nutrients fed to cattle are not edible by humans. World hunger experts know the real causes of hunger are poverty and distribution – not cows.

This is just one example of the incorrect information in Mr Rifkin's book. There are many others. It is sad that Mr Prowse has chosen to reiterate Mr Rifkin's book rather than offer a critical review.

British consumers can continue to consume grass-based British beef from the hills of Scotland or well-managed English and Welsh mixed farming systems without guilt about environmental impact or resource misuse.

Geoffrey R John,
chairman,
Meat and Livestock Commission,
PO Box 44,
Winterhill House,
Snowdon Drive,
Milton Keynes MK6 1AX

Malta and the EC

From Mr C Vella.

Sir, Part of the report, "Delors signals more powers for Brussels" (April 8), in which David Buchan described a statement purportedly made by Malta's foreign minister, is not correct.

Dr de Marco, in reply to a question, had pointed out that Luxembourg, a founder-member of the European Community, was comparable in size to Malta, but this had not caused any difficulty to the Community. On the contrary, Luxembourg's performance had been exemplary.

Malta's role in a future enlarged Community likewise should pose no problems. Dr de Marco added that, if any changes were to prove necessary as a result of an enlargement, including the question of the number of commissioners, Malta would co-operate, for Malta's membership application was founded principally on the fact that it shared the objectives and ideals of the Community, and desired to see them secured in the most efficient manner possible.

C Vella,
ambassador,
permanent delegate to the EC,
Brussels

Not a fair picture of EC aid

From Mr Bruno Dethomas.

Sir, Mr James Ingram, outgoing director of the World Food Programme interviewed by Mr Robert Graham ("Food aid: demand grows, resources fall", April 14), states that "The European Community has been a little disappointing" in its food aid policy.

These statements, uttered by someone who is supposedly knowledgeable on food aid worldwide, are absolutely shocking.

The EC and its member states together are by far the largest donor to the WFP, accounting for 35 per cent of all the resources contributed, the second largest contributor being the US (21 per cent).

Mr Ingram cites the case of the Horn of Africa and Sudan in particular. He does not mention the fact that, in Sudan, total aid from the EC and its member states amounted to Ecu 100m ($130m) in 1991, while the US contributed Ecu 14m and Japan Ecu 3m.

Just because the EC does not exclusively use the WFP to channel its aid, it does not mean that it is doing nothing.

For 1992, the European Commission, facing an ongoing threat of famine in the Horn and southern Africa, has proposed, as in 1991, a new emergency programme. The total food aid contribution from the 1992 EC budget alone (ie excluding national contributions from the Twelve) will be close to $1bn.

It is difficult to understand how Mr Ingram can be so "disappointed" with the EC. Arguably, all international donors could contribute more to the WFP. But to express dissatisfaction only vis-a-vis the very largest of all donors while considering the US "the most responsive" does not seem very reasonable or fair.

The Community, its member states and, above all, its citizens and taxpayers do not deserve such a misrepresentation of their solidarity with the developing world.

Bruno Dethomas,
European Commission,
Brussels
Belgium

OBSERVER

Tarzan of the board

■ Is too much fuss being made of Michael Heseltine's decision to call himself president of the Board of Trade? After all it is not a real board. He can't appoint any vice-presidents, the Archbishop of Canterbury no longer attends, and – unlike Lord Halifax who colonised Nova Scotia – Heseltine cannot expect to have cities named after him.

True, he can restore his own office to its former title of the President's Room. But the Foreign Office and the Treasury long ago usurped most of the old board of trade's real powers.

Since it digested the Ministries of Production, Supply and Materials after the Second World War, it has lost far more influence than it has gained. There was even a time when the BoT president was also responsible for social security, transport, education, and employment. So much work in the political jungle faces Heseltine if he wants to re-establish his new domain as a force in the land.

History is not on his side. The average tenure of presidents of the board of trade over the last two centuries is a shade over two years. Although a stint in the job did no harm to the careers of Gladstone, Lloyd George, Churchill, Wilson, and Heath, they are exceptions. Of Heseltine's dozen predecessors, just three remain MPs – John Biffen, Paul Channon and Peter Lilley – and only Lilley hangs on to his cabinet seat.

One has to go back more than a century to find presidents of the board of trade who really left their mark. Perhaps the most notable of them was William Huskisson, who in the 1820s did a lot to win over protectionist Tory merchants to the free trade cause. He was also a great supporter of the development of railways.

Even so, Heseltine would be ill advised to follow too closely in the Huskisson's footsteps. His most famous achievement was also a fatal one. He strayed into the path of Stephenson's Rocket on its inaugural run between Manchester and Liverpool.

Soulful

■ In a TV interview last week William Waldegrave, new Chancellor of the Duchy of Lancaster, expatiated on the friendly atmosphere and team spirit of the Major cabinet. "People call it collegiate," he said, "but actually colleges aren't like that. I used to be on the governing body of one, and there was a lot of backbiting...."

The college in question was, of course, All Souls, Oxford, where Waldegrave did come in for some snide remarks from other fellows for his low attendance record, as political or business engagements often kept him away. Quite the least forgiving among his then colleagues, as it happens - going so far on one occasion as to call Waldegrave a "pot-hunter" - was one Robert Jackson, now MP for Wantage and the junior minister in Waldegrave's new department.

Holding on

■ Ken Moses and Albert Wheeler, two British Coal old-timers, are just two nationalised industry types who must be heaving a sigh of relief at the election result.

A few weeks before the election, both were offered the job of joint deputy chairmen of British Coal by John Wakeham, the outgoing energy secretary. However, with the election campaign in full swing and with Labour victory prospects rising, Wakeham decided to seek the endorsement of Labour's Frank Dobson, the shadow energy secretary. Dobson flatly refused because, he says, they were "suitable only for a government that wants to run down and privatise the coal industry and close it down".

So the appointments were put on hold until after the election. Dobson's hostility to them was an echo of the 1984/85 miners' strike during which they played a robust role in getting miners to return to work. Both men have had a key hand in modernising the coal industry, but Dobson's savage response is a reminder that after 13 years of Tory rule it wasn't only politicians' jobs that were on the line if the voting had gone the other way.

"I spent all my electoral bribe on chocolate"

Good example

■ If anyone doubts that there are still some big and successful businesses in Britain that do not pay their directors loadsamoney, a glance at BTR's annual report is reassuring.

Chairman Sir Owen Green's salary of £216,812 might sound a lot, but it is relatively modest for the boss of a company with sales of near £7bn and a 140,000 workforce. Six of his eight UK directors are paid less than £80,000; the highest paid director earned £254,000; and only one other made more than £200,000. The company made no political contributions and increased its charitable contributions by 29 per cent last year. For a company which does not believe in having non-executive directors on its board, it is remarkably well behaved.

Hanson's choice

■ Meanwhile, it sounds as if Sir Owen Green's arch rival, Lord Hanson, is tinkering with his top management team again. After Lord White's surprise promotion of 50-year-old David Clarke to be chief executive of Hanson Industries in the US, Hanson seems poised to promote Derek Bonham, 48, to be chief executive of the UK end of the business.

If Bonham gets the job it will help curb City concerns about the next generation of Hanson management. Even so it could be a brave move. Unlike Clarke, who was already one of Hanson's two chief operating officers, Bonham is a finance man. While it is no great surprise if he has leapfrogged Martin Taylor, one of the two vice-chairmen, it is odd that UK chief operating officer Tony Alexander no longer seems in line for the topmost job.

Up the creek

■ What's the difference between a wildebeest and a gnu?

You can't paddle a wildebeest.

FINANCIAL TIMES
Tuesday April 21 1992

OECD report forecasts $195bn-a-year rise in global sales within a decade

Gatt plan would boost world trade

By Daniel Green

WORLD SALES of goods and services would rise by $195bn a year within a decade if measures planned in the Gatt talks were adopted, says a report * published today by the OECD Development Centre, the Paris-based economic research unit.

Member states of the Organisation for Economic Co-operation and Development stand to gain the most, with sub-Saharan Africa the biggest loser. Developed countries would still be net beneficiaries even after compensating the losers, says the report.

The 10-year forecasts are based on an OECD/World Bank computer model of global production and trade which evaluated three alternatives: no change in tariffs, a 30 per cent reduction, roughly what is being considered in the protracted Uruguay Round of the General Agreement on Tariffs and Trade, and the removal of all barriers to trade.

In this last case, annual world income is forecast to be $477bn higher than it would otherwise be in 2002, a gain worth more than the entire income of China, says the report.

With agriculture at the centre of the Gatt talks, the report criticises protectionism as "inefficient for supporting farm incomes". It says that 60 per cent of the cost of protectionism fails to reach farmers, and recommends direct income support with other targeted assistance instead.

Cutting tariffs by 30 per cent would raise the world price for cereals. While this would hurt net food importers, including much of Africa, what matters is their "economic power to grow or buy food – rather than the national level of agricultural production".

The losses of food importers could be balanced by a transfer of $7bn, which is 3.5 per cent of the developed world's gains from falling tariffs and equivalent to less than 20 per cent of official development assistance.

Growth in world grain production would fall slightly to 2.95 per cent a year. The EC's and US shares of wheat production would decline, with the gap being filled by Latin America, the former Soviet Union and poor Asian and African countries.

The 30 per cent cut in tariffs would "induce structural changes in virtually all regions", the report adds. Rural parts of OECD countries would see a real 7 per cent fall in gross domestic product, while urban areas would see a real increase of 0.3 per cent. "The rise in urban GDP is sufficient to make a total GPD increase," the report notes.

Similar shifts would occur in high-income parts of Asia and in the Gulf region, although the picture in developing countries is more complicated. Rural regions of Africa and India would benefit while those in low-income Asia would do less well than towns and cities because of local tariff structures.

* *Trade Liberalisation: What's at Stake, by Ian Goldin and Dominique van der Mensbrugghe, available free after May 26 1992 from OECD Development Centre, 94 rue Chardon-Lagache, Paris 75016.*

Washington downbeat, Page 2
Free trade vision, Page 33

Lift off: Spectators watch the balloons go up to signal yesterday's start of Expo 92 in Seville. Opened by Spain's King Juan Carlos, who called it "the greatest exposition in history", the exhibition will continue until October 12

THE LEX COLUMN

When cash flow is king

The flood of annual reports from UK companies in the past few weeks has confronted investors with a new phenomenon: the cash flow statement. If they are slightly puzzled over what to do with it, they cannot wholly be blamed. The old source and application of funds, which the cash flow statement replaces, was largely ignored by investors. This was chiefly because its content was so loosely defined that companies could use it to prove what they liked. The point about the cash flow statement, though, is that its more rigid format makes the bad news harder to hide.

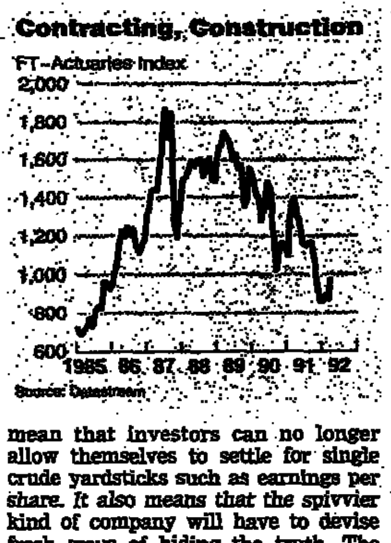
Its simplest and most useful application is to check the quality of profits. The profit and loss account does not concern itself with cash going out of the business to finance working capital. It thus does not address the question of whether stocks are worth what was paid for them, or whether debtors are good for repaying their debts: or whether the outflow can be financed. The quick way to determine whether this is an issue is to compare operating profit with operating cash flow.

Last year, for instance, ICI had trading profits of £1.0bn and operating cash flow of £1.5bn. Hanson had trading profits of £941m and operating cash flow of £934m. In both cases, no problem. British Aerospace, on the other hand, had operating profits of £354m and operating cash flow of minus £95m, which makes its surprise rights issue in the latter part of the year rather more intelligible.

The most extreme case of this is Polly Peck. Its farewell set of accounts showed pre-tax profits up 44 per cent to £161m. Its source and application of funds statement showed funds generated from operations of £172m. But a new-style cash flow statement, as calculated by County NatWest, would have shown an operating cash outflow of £129m, chiefly because of a staggering £288m increase in working capital.

On the other hand, the figure of £288m was clearly displayed in Polly Peck's source and application of funds. This suggests what is in fact the case: that the novelty of the cash flow statement lies not so much in disclosure as in presentation. As the example shows, presentation can be vital. That suggests in turn that most investors have been too busy or too slothful to dissect the accounts for themselves.

But that is partly because British financial statements, the balance sheet included, had become so corrupted as often to be meaningless. The overhauling of the system, when complete, will



mean that investors can no longer allow themselves to settle for single crude yardsticks such as earnings per share. It also means that the spivvier kind of company will have to devise fresh ways of hiding the truth. The extent to which the latter succeeds in time for the next boom will be the chief test of whether the new Accounting Standards Board has the stamina for the job.

Boardrooms

The myth that Britain's building companies are conservatively managed was blown to bits last week. Sometimes conservatively accounted, perhaps. But the dreadful results of Taylor Woodrow and Tarmac were gruesome testimony to the way they and most of their peers blundered through the recession with the same expansionist strategies which made them stock market darlings in the late 1980s.

The reckoning has arrived, as shown by such boardroom changes as the departure of Taylor Woodrow's chairman Mr Peter Drew and the promotion to chief executive of Tarmac's Mr Neville Simms. For investors, the questions to ponder now are how well management teams in the sector are equipped to face the different challenges of the 1990s and how far they are prepared to make difficult decisions about capital allocation once the grim task of retrenchment is complete. Alternatively, are these apparently new-look boardrooms merely the product of shuffling the old pack?

New thinking among housebuilders and contractors is hard to find, although the decisive manner in which Mr Andrew Teare turned his back on housebuilding after arriving at ECC stands out. The ratings of Redland and Blue Circle among building material companies have been improved by new boardroom blood – Redland effecting a complete generational change – though ironically it was the old soldiers at RMC Group who impressed the market with better than expected figures last week.

Calls for better corporate governance notwithstanding, too many institutional investors seem to have waited for disasters and then jumped ship. Having been slow to tackle the contractors, they might perhaps make amends by calling for heads among the insurers and the banks.

HSBC/Midland

Hongkong Bank's reluctance to part with cash and its desire to avoid excessive dilution made the issue of loan stock an obvious choice for financing part of its bid for Midland. The resulting issue of between £350m and £700m of 10-year subordinated debt would be a large morsel, however, for a market that saw only £335m of such paper from banks last year and has already absorbed £250m in 1992. That prompts the question of how marketable HSBC's paper would be.

Large issues normally command a liquidity premium in the bond market. Such an advantage would already apply to an issue of £350m, but is likely to be steadily whittled away as the amount increases towards the top of the range envisaged by HSBC. Despite the rush into gilts since the election, subordinated bank debt is not a favourite of international investors. There is not much appetite from other banks, because the investment has a high risk weighting under BIS rules.

Doubtless HSBC's advisers took this into account when setting the margin on the bonds at 160 basis points over comparable gilt-edged stock. That looked generous compared with the 145 point margin offered by the Woolwich Building Society on a £50m issue just before the bid terms were announced. It still looks broadly in line with the market, even though spreads on similar issues have widened by about 5 points since then. Whether the promised par price would hold for long is another matter. One has to assume that holders of Midland equity are not necessarily natural investors in fixed rate subordinated bank bonds. Many will want to sell their holdings quickly. It is hard to see demand being overwhelming, even though supply of other issues may now dry up while the bid proceeds.

UK companies win 127 export awards

By Daniel Green

BRITISH COMPANIES have won a record 127 awards for exports in the latest Queen's awards for export and technology, which are announced today.

The Queen's awards were introduced in 1966 and are made on the advice of the UK prime minister helped by a committee comprising representatives of includes industry, commerce, trade unions and the government.

The number of applications for export awards was the highest for 13 years, reflecting companies' determination to seek new markets while domestic demand is slow.

UK-based Japanese manufacturing companies which have won awards include Nissan Motor, the car maker, and Yamazaki Machinery, a producer of machine tools. Both are exporting to Japan. Although Britain's biggest enterprises are heavily represented, the award winners include such smaller companies as Fortnum and Mason, the luxury London retailer, which has opened outlets in Japan since it began its export department in 1981.

J Barbour and Sons, best known for its outdoor clothing made of oiled cotton, now sells in 25 markets while Grants of Dalvey has moved on from bagpipe manufacturing to make sporrans and hip flasks popular in Germany, Japan and 23 other countries.

In the 1992 awards, heavy industry is represented in force. Rolls-Royce is recognised for its sales of aero-engines while British Steel's general steels division wins an export award. ICI wins three awards, two Queen's awards for technology as well as one for export of water and gas purification technology.

The BBC wins one of 38 technology awards for the development of the Nicam digital television system, while Portakabin is rewarded for its development of luxury portable offices.

Electronics and computers dominate the technology awards list. Winners include IBM and Oxford University – their jointly developed computer programming language is used by financial services companies – and Oxford Lasers, whose copper laser is powerful enough to shine through the earth's turbulent atmosphere to guide telescopes.

Rover Group wins an award for the development of its K-series car engine, and one of the country's biggest companies, Glaxo, is recognised for the invention of an antibiotic.

Awards survey, Pages 9-20

Unions may ballot for Labour leader

By David Goodhart and Ralph Atkins

PRESSURE is growing on Britain's trade unions to ballot their members over the election of the new leader of the opposition Labour party.

Unions have 40 per cent of the vote but their links with Labour could be changed irrevocably by the contest.

Mr Bryan Gould, shadow environment spokesman, who is standing for the party leadership, said the winner's credibility could be undermined if he was "not seen to be legitimately elected".

Senior Labour figures are privately dismayed by the high profile of the unions in the contest and by some union leaders' dismissive attitude to ballots on the leadership issue. The GMB general union is the only large union to have said it will hold a workplace ballot but it may be joined by the TGWU general union.

The executive of the AEU engineering union said it will not hold a ballot, citing time problems and cost. It may be forced to change its position at the union's national conference next week.

In spite of the relish which some union leaders are bringing to their old power broking role in the Labour party, most agree that the links must be loosened. Yesterday, Mr John Edmonds, leader of the GMB, said the unions should have no votes in the leadership election and their block vote at Labour's conference should be radically cut.

Lobbying for support at the Scottish Trades Union Congress meeting in Perth, Mr Gould said: "The constitutional link cannot be broken but must be democratised." He backed a role for unions on Labour's national executive committee and on the new policy-making forum.

Unions seem set to scale down their financial contributions to the Labour party before any decision about scaling down their political involvement.

Adding to the tension over the contest, Mr John Smith, shadow chancellor and favourite to win the leadership on July 18, launched a counter attack on Mr Gould's criticism of Labour's redistributive tax policy.

Speaking on behalf of Mr Smith, Mr Robin Cook, Labour's health spokesman, said those who questioned Labour's tax plans, as set out during the election, should state the spending pledges they would drop.

Mr Gould, whose aides accused Mr Smith of becoming over defensive, retaliated with further attacks on the shadow chancellor's Budget proposals.

Ousted president to leave Afghanistan after UN deal

Continued from Page 1

the composition of such a council are still going on in Peshawar, Pakistan, where many guerrilla groups are based.

Diplomats in Kabul believed the ruling Watan party had decided that it would not oppose the formation of a mujahideen government as long as it was not dominated by hardline Islamic fundamentalists led by Mr Gulbuddin Hekmatyar. By negotiating, the party hoped to retain some influence.

Mr Hekmatyar yesterday warned that his Hezb-i-Islami guerrilla group would attack Kabul unless the government there capitulated by April 26. His forces are massed to the south of the capital. Those loyal to Mr Ahmad Shah Masood, a rival leader, are mainly to the north. Mr Wakil said Mr Masood had given an assurance his forces would not attack Kabul while talks with him were in progress.

But a Pakistani government spokesman said that Mr Masood had sent messages to mujahideen leaders in Pakistan telling them he remained committed to setting up a mujahideen government in Kabul, and had no intention of joining members of Najibullah's regime. Mr Masood has said he would like to take over Kabul peacefully to avoid bloodshed.

World Weather

		°C	°F
Ajaccio	S	17	63
Algiers	S	19	66
Amsterdam	S	11	52
Athens	C	16	61
Bahrain	S	26	79
Bangkok	F	36	97
Barcelona	S	19	66
Beijing	C	18	64
Beirut	F	21	70
Belfast	C	10	50
Belgrade	F	14	57
Berlin	F	9	48
Biarritz	S	21	70
Bombay		–	–
Bordeaux	S	19	66

		°C	°F
Boulogne	C	12	54
Brussels	S	11	52
Budapest	F	11	52
Buenos Aires	C	20	68
Cairo	S	26	79
Cape Town	S	20	68
Caracas	C	32	90
Casablanca †	C	21	70
Chicago		–	–
Cologne	F	11	52
Copenhagen	S	8	46
Corfu	S	17	63
Dallas †	S	14	57
Dublin	C	12	54
Dubrovnik		–	–
Edinburgh	C	11	52
Faro	S	24	75
Florence	S	21	70

		°C	°F
Frankfurt	F	11	52
Geneva	S	16	61
Gibraltar	S	19	66
Glasgow	C	10	50
Helsinki	Sn	2	36
Hong Kong	F	21	70
Innsbruck	F	8	46
Inverness	C	12	54
Islamabad	C	27	81
Istanbul	F	13	55
Jakarta	R	33	91
Johannesburg	F	24	75
Lisbon	S	24	75
London	C	15	59
Los Angeles †	S	17	63
Luxembourg	S	11	52
Madeira	S	24	75
Madrid	S	20	68

		°C	°F
Majorca	S	18	64
Malaga	S	22	72
Malta	S	20	68
Manila	C	37	99
Melbourne	C	18	64
Mexico City	F	25	77
Miami †	S	24	75
Milan	S	24	75
Montreal †	F	8	46
Moscow	F	9	48
Munich	S	10	50
Nairobi	F	25	77
Naples	F	22	72
Nassau	C	28	82
New Delhi	S	36	97
New York †	C	7	45
Nice	S	19	66
Nicosia	S	19	66

		°C	°F
Oporto	S	22	72
Oslo	S	9	48
Paris	S	16	61
Prague	F	5	41
Reykjavik	R	3	37
Rhodes	C	15	59
Rio d'Janeiro	C	33	91
Rome	S	19	66
Salzburg	F	9	48
S'Francisco †	F	13	55
Seoul	S	19	66
Singapore		–	–
Stockholm	C	4	39
Strasbourg	S	12	54
Sydney	S	24	75
Taipei	C	25	77
Tangier	S	23	73
Tel Aviv	F	20	68

		°C	°F
Tenerife	S	17	63
Tokyo	S	19	66
Toronto †	F	8	46
Tunis	F	20	68
Valencia	S	22	72
Venice	S	17	63
Vienna	F	10	50
Warsaw	C	7	45
Washington †	C	9	48
Zurich	F	12	54

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

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INSIDE

GPA shareholders revolt over sale

By Roland Rudd in London

GPA Group, the aircraft lessor, is facing a shareholder revolt over the terms of the sale which could jeopardise the £1.7bn ($3bn) flotation scheduled for June.

Japanese investors and airline companies commanding almost a third of GPA's shareholding have refused to give the aircraft leasing company details of the amount of shares they plan to sell in the float.

Advisers to GPA say the sale of new and existing shares cannot go ahead until they have a "lock-up" agreement preventing existing shareholders from selling more than an agreed amount during and immediately after the sale. The advisers are trying to create an orderly market for six to 12 months after the float.

To this end Hambro Magan, the specialist merchant bank advising Mr Tony Ryan, GPA's chairman, wrote to investors asking them to indicate the amount of shares they wanted to sell. However, GPA's biggest shareholders have ignored the deadline of midnight last Wednesday. Only Mr Ryan and Mr Maurice Foley, chief executive, have agreed not to dispose of their holdings in the float.

Air Canada and Aer Lingus, which command 24.8 per cent of GPA's shareholding, want to sell a big proportion of their shareholding. The two airline companies, which are being advised by Warburgs, have refused to accept a limit, proposed by GPA's advisers, of between 5 and 15 per cent of each shareholding.

GPA hopes it can reach an agreement with the airline companies since they want the sale to go ahead.

More worrying for GPA is the attitude of its Japanese investors, who have no incentive to see the sale proceed, since they bought much of their stock at $32 a share. The flotation price, which still has to be agreed, is likely to be about $22, which would confirm a loss on some Japanese investors' shareholdings. The Japanese investors, which include Mitsubishi Trust and Banking Corporation with 12.8m shares or 13.4 per cent of the stock, have said they are unhappy with the sale terms.

According to one of GPA advisers the Japanese position is causing the group "serious concern".

GPA's advisers include Japan's Nomura International as global co-ordinator, Merrill Lynch and Goldman Sachs in the US and Schroders in the UK.

Gerhard Cromme talks to **Christopher Parkes** about Krupp's plans

Taking a long-term view of German steel


Cromme: 'We will only do deals which have industrial logic'

IN the three years since he took over the chairman's seat at Krupp, Mr Gerhard Cromme has sold off the rump of the German group's armaments business, returned its steel business to profit, won control of arch-rival Hoesch, and converted the whole group into a public limited company, ready for the stock market this summer.

Despite this flurry of activity, Mr Cromme is uncomfortable with his popular tag as the model new-generation German manager. He oozes traditional conservatism; twitches at the thought of Anglo-American aggression in the mergers and acquisitions arena. Yet was he not the man who hijacked Hoesch?

"I am not a raider," he replies. "I am an industrialist with a sensible industrial concept." In the controversy over his takeover of Hoesch, people had lost sight of the fact that the rationale for the merger was accepted by both supervisory boards, politicians and unions 10 years ago. "It was not realisable at the time, [because Krupp backed away] but I have realised it," he says.

He has been called clumsy and short-sighted by those who prefer German industry's traditional painstaking consensus-building. Within 12 months of returning to Germany to take charge of Krupp's tired steel division, Krupp Stahl, after 15 years at Saint-Gobain in France, Mr Cromme had run into his first wave of criticism. Outrage, flying tomatoes, and the epithet "the grave-digger" accompanied his closure of the 4m-tonne Rheinhausen integrated steel mill in Duisburg.

The mill was losing DM200m ($121m) a year. In 1989-90 Krupp Stahl paid its first dividend for 16 years, and will pay another for 1991. Mr Cromme was promoted to head the whole group.

Last autumn, criticism resurfaced over his acquisition of Hoesch, pride of Dortmund. Once again, said his critics, he had used un-German tactics, adding momentum to his ambition by secretly acquiring a 25 per cent stake in the target and teasing enough pledges out of other shareholders to give Krupp a majority. "There was a wide consensus. The only problem was that the people in Dortmund were taken by surprise."

To his colleagues, Mr Cromme is Krupp's – maybe Germany's – best international manager. He has polished French, sound English, and he is relatively young. He has an uncommonly straightforward demeanour, and a preference for action.

Before the takeover, Hoesch's management was working on a restructuring plan called Hoesch 2000. Fat would be trimmed, sales would fall to DM10bn from around DM13bn at present, but the reinvigorated Hoesch would bounce back and report DM18bn turnover at the end of decade.

Krupp believes, however, the merger will achieve a comparable revival of Hoesch within 12 months once the deal is completed this summer. The German cartel office has required only one small disposal. Brussels anti-trust officials are still looking at some minor aspects of the merger but they are not going to block it.

The main thrust of Mr Cromme's thinking is doggedly long-term. Ten or 20 years from now, he says, the corporate cultures of Europe will grow naturally together. Takeover rules will be agreed, possibly through Brussels, assimilating the best from all worlds. "On the other hand, I think we will not see wasteful, world-scale financially-motivated takeovers. We will only do deals which have industrial logic."

And Mr Cromme himself has no taste for more takeovers. The company will now concentrate on building competitiveness in its strongest businesses, and in the meantime try to find partners to improve this quality in others.

Five years on, Mr Cromme says, the enlarged Krupp group will stand on the legs which support it and Hoesch today: steel, plant construction, steel processing, engineering, trading and vehicle components. He entertains no dreams of ironing out the cyclical bumps, to which all his businesses are prone, by rampant diversification. "If we do it right, even with steel, we can make money – not every year perhaps – but over the years we can climb," he says.

The other German steelmakers are now urgently examining merger deals to allow them to compete with the two leaders, Krupp and Thyssen. The half-dozen significant steel producers in Germany at present will eventually come down to two or three, says Mr Cromme. "We have to have the synergies of scale to compete internationally." The British, French and Italian giants have three hot strip mills each. "Is it possible for a steel company in Germany to have the same synergies with just one?"

As well as critical mass, Krupp and Hoesch together have gained another advantage, he says. "We are so close to one another – just 20 miles apart. Everyone in capital intensive industry knows it is important to be close together. It gives you a big advantage in moving people and products around," he adds.

It also provides a firm base for Mr Cromme's next long-term move: expansion beyond what he calls his "regional" market in Europe, reaching out with advanced, bespoke products for customers the world over.

He is naturally not immune to the immediate concerns exercising German industry. But he is uncommonly cool on the subject. Other industrial leaders have complained about excessive pay claims and the risks to "Standort Deutschland", Germany's role as a manufacturing base. The situation is not just a matter of high labour costs, he stresses. The debate also reflects concern about the state of the market, corporate taxes, infrastructure and education. "Things are not bad, but they could be better," Mr Cromme says. And he believes that eventually, "when the going gets really tough" trade unions will see the signs and accept that changed conditions demand changed attitudes.

His assured tone falters for a moment. "Germans have always been flexible enough in the past to cope with changes in the environment. Now the question is, will that flexibility be as great in the future?"

He accepts that with reunification to pay for, resources are stretched and the country needs to set new priorities "for one or two years". It has to decide if the economy can cope with costly environmental policies, rising wages and consumption, shrinking working hours and increasing social costs and at the same time assimilate the east.

But in the long run, as east and west Europe grow slowly together, so Germany's advantage – its central position – will improve, he says. Meanwhile, the country's relative advantage remains undamaged, in Mr Cromme's eyes. "One thing is certain, if Standort Deutschland is not in a good condition, things will be even worse in other European countries," he says.

Midland investors may not keep HSBC bonds

By Richard Waters in London

MANY OF the bonds which Hongkong and Shanghai Bank plans to issue as part of the consideration for the purchase of Midland Bank are likely to be dumped in the market soon after the takeover, Midland shareholders and bond market professionals said.

If a substantial proportion of the bonds were to be sold by Midland shareholders, it would depress the price and could clog up the market in sterling subordinated bank debt, driving down the price of other bank paper.

The bonds' estimated value will factor into institutions' calculations of the value of the bid for Midland by HSBC Holdings, Hongkong and Shanghai Bank's parent. Taking the bonds at par value, the all-paper share and bond offer was worth 396p on Thursday, the most recent trading day in Hong Kong. Midland's share price languished on Thursday at 362p, indicating shareholder dissatisfaction with the offer's terms.

M&G, the unit trust group which owns around 6 per cent of Midland's shares, said last week it would be likely to sell the bonds quickly. "There is not really a natural home for that [paper], particularly not with us," M&G said.

Other UK institutions also said they did not normally hold subordinated debt issued by banks, and were unlikely to keep the bonds.

HSBC has said it will issue between £352m-£704m of bonds, depending on the proportion of shares and bonds Midland shareholders elect to receive. Even the lower figure would amount to the largest-ever sterling bond issue by a bank.

HSBC's advisers expect domestic UK investors to sell the bonds and foreign investors to buy. No decision has yet been taken on whether there will be advanced marketing of the bonds to potential overseas investors.

The margin on the bonds, at 1.6 percentage point rounded up or down to the nearest ⅛ per cent, compares favourably with a margin of around 0.6 on similar paper issued by Barclays and National Westminster Bank. However, HSBC is considered a poorer credit, making it less attractive to investors. IBCA, the UK rating agency, said the bank's AA- grade was now under review and could fall if the Midland takeover is completed.

Lex, Page 32

Time to find a free trade vision in the crystal ball

Economics Notebook

By Peter Norman

The high season for crystal ball gazing is here again.

Over the next four weeks, those two august guardians of *the world economy* – the International Monetary Fund and the Organisation for Economic Co-operation and Development – will publish new forecasts for global growth, inflation and trade.

The good news is that both bodies will project a gradual recovery that should see the world economy growing in line with long-term trends in about 18 month's time.

The bad news is that both have been singing the same tune for more than a year during which the point of recovery has been postponed and clear evidence of economic revival has remained elusive. There will be a strong sense of *deja vu* about the latest IMF forecast when published this week.

A year ago, the fund projected world economic growth of 2.9 per cent in 1992 after an anaemic 1.2 per cent last year. The IMF is now expected to forecast world growth of about 3.5 per cent – but for 1993 – after 1.5 per cent in 1992.

A similar story of postponed prosperity comes from the Paris-based OECD. It recently cut its internal growth projection for the industrialised world in 1992 to between 1.5 per cent and 2 per cent from 2.2 per cent predicted in December.

But what significance should be attached to these forecasting errors?

Will it always be a case of "jam tomorrow" as far as economic recovery is concerned, or do special factors lie behind the delayed upturn?

If economists agree on one thing, it is that it is very difficult to spot turning points in activity in advance. Since the late 1980s, this problem has been exaggerated by the effects of fast growing indebtedness and subsequent asset price deflation in, first, the English-speaking economies of the US, the UK and Australia and, now, Japan.

But the forecasting failures have also highlighted mistaken policy choices.

Virtually all countries consider that low inflation is a necessary pre-condition for sustained and balanced growth – and here the success achieved in pushing inflation lower is promising for the world economy.

But it has also become clear that over-reliance on monetary policy to combat price rises has damaged economic activity.

That monetary policy is a blunt instrument was acknowledged last week by one of the world's most committed inflation fighters: the Reserve Bank of New Zealand. It admitted that there was some validity in arguments that it should have eased monetary policy earlier than September last year. The bank, which has responsibility for getting annual inflation within a zero to 2 per cent band by the end of 1993, has already brought it below 1 per cent but at the cost of very low growth.

Similar doubts can be heard in Canada, where inflation has fallen to around 2 per cent after a deep recession. The length and depth of Britain's recession also suggest that it was a mistake to hold bank base rates at 15 per cent for a full year until October 1990 while sterling was allowed to rise in value ahead of entry into the European exchange rate mechanism.

Conversely, easier monetary policy cannot be guaranteed to deliver sound economic recovery on its own. The US Federal Reserve System has pushed interest rates to their lowest levels for nearly 30 years. But the recovery remains fragile and is likely to be weak compared with previous US experience, largely because of the huge and persistent US budget deficit that raises fears of future inflation among investors in US bonds.

For these reasons, we can expect to hear a lot more about the need for better policy mixes in the months and years ahead. A debate on this issue is likely at next Sunday's meeting of ministers and central bankers from the Group of Seven industrialised countries in Washington.

Governments agree that one of the best ways of securing continuing prosperity in the long term is to curb public spending and reduce fiscal deficits. But reducing fiscal deficits is a difficult and politically unrewarding task at the best of times. At present, none of the major industrial countries – with the possible exception of Japan – has a particularly strong fiscal position.

Yet fiscal sobriety is unlikely to help Japan in the G7 meeting. Instead, the authorities in Tokyo, who are struggling to control an increasingly worrying attack of asset price deflation, are likely to be under pressure to borrow more to boost their own economy and so prevent Japan's threatened recession crimping growth abroad.

It is easy to see how the policy mix debate could turn into one about issues, which although important, will go only a part of the way to achieving stable economic growth. But there is one area – trade – where a bold stroke could deliver more.

A new study* by two OECD economists claims that the removal of global trade barriers would yield annual economic gains of $475bn after 10 years, with $255bn accruing to the OECD member states and $220bn to developing and former communist countries. Completing the Uruguay Round of multilateral trade negotiations would bring gains of $195bn and more than $90bn respectively in the same time frame.

The virtues of freer trade were underlined last week by Mr Nicholas Brady, the US Treasury Secretary. US exports to Mexico had increased from $10bn to $33bn a year in the past five years as the two countries lowered their barriers. Nor were the benefits confined to US states on the Mexican border: the third biggest beneficiary after Texas and California was Michigan.

Mr Brady said the benefits of freer trade were "so clear" one could hope that "the individual counties would do the right thing". It is view shared by virtually all G7 finance ministers. Unfortunately, they are not responsible for the Uruguay Round negotiations.

**Trade Liberalisation: What's at Stake, by Ian Goldin and Dominique van der Mensbrugghe, available free after May 26, 1992 from OECD Development Centre, 94 rue Chardon-Lagache, Paris 75016.*

Hanson appoints chief executive

By Roland Rudd in London

HANSON, the Anglo-American conglomerate, is to appoint Mr Derek Bonham, finance director, in the new post of chief executive, only two months after Lord Hanson told shareholders he did not intend to appoint a successor.

The move follows the decision of Lord White, chairman of Hanson Industries in the US, to appoint Mr David Clarke, president of Hanson's US arm, in the role of deputy chairman.

One of Hanson's advisers said Lord Hanson, who has traditionally spent more time managing the businesses than looking for the acquisitions, wanted to have a more "hands off" role within the group and decided to appoint a chief executive. "Although Lord Hanson will still want to know the group's bank balance every week he has decided to have a more wide ranging role in the group."

While Lord Hanson does not plan to call Mr Bonham his successor that is how it is likely to be interpreted by those outside the group.

Mr Bonham, aged 48, masterminded Hanson's complicated tax policy that resulted in the group paying one of the lowest corporation tax charges of any company in the FT-SE 100.

His appointment is likely to be seen as a disappointment for Mr Tony Alexander, chief operating office in the UK, who has been seen as Lord Hanson's number two.

Mr William Landuyt, chief financial officer in the US, will replace Mr Bonham as finance director.

COMPANIES AND FINANCE

Sub group waiting to surface, or sink

A traumatised property market facing reality. **Vanessa Houlder** reports

PENNY shares are one of the property industry's few growth sectors. As the property market spirals further downwards, the share prices of over half the quoted sector have been dragged down to under 50p.

The companies in this predicament are a motley crew. Some former high flyers, such as Rosehaugh at 7p or Speyhawk at 5p only exist courtesy of their bankers. A larger group has no scope to do anything other than concentrate on survival.

But a few have healthy balance sheets and the flexibility to outperform the big companies as the market recovers. This sub-group of small property companies may prove a genuine growth sector.

The handful of robust companies among the ranks of walking wounded attracts relatively little attention. Stockbrokers tend to focus their attention on the six largest companies on the market, which account for two-thirds of the quoted sector's value.

Moreover, it is hard to drum up enthusiasm for any property company in the wake of a stream of bad news about the sector, most notably the restructuring talks of Olympia & York, the world's largest property developer.

For all that, some companies deserve further scrutiny - even though their share prices may not rise until there is an improvement in sentiment concerning commercial property. A few have managed to increase their profits and net assets, despite operating in tough markets. Last year, eight property companies, mainly those with low gearing, outperformed the stockmarket with share price increases of over 15 per cent.

Investors interested in small property companies should look for three characteristics.

- First, skilled management, which has been able to read the market correctly. Kleinwort Benson Securities, the City broker, cites Burford Holdings as an example. It sold property at the peak of the property cycle to eradicate its borrowings. It has since bought a clutch of properties outside London at distressed prices.

But the few companies which timed their disposals correctly are in select company. "It is extremely difficult to find smaller companies which did not think it necessary to expand very aggressively during the boom," says Mr Martin Barber, chairman of Capital & Regional Properties, which sold half its UK property in 1998.

Managements with deal-making flair or fee-earning potential also have something extra to offer. For instance, English & Overseas Property, the former property arm of Pentos, is able to cover its management costs with fees earned by helping banks unscramble their property problems.

- Second, a well-spread portfolio. Many of the best-placed companies are those with portfolios outside Central London, which has been particularly badly hit by the property recession.

One example, which also benefits from sound finances, is Town Centre Securities, which has a bias towards retail property in the north of England. "It has not put a foot wrong," says one analyst.

The inclusion of London property does not always deter investors. Derwent Valley Holdings is credited for good work in sweating its assets, despite the concentration of its portfolio in the difficult west end market.

- Third, sound finance. The best-placed companies are perhaps those with no borrowings, such as the conservatively-managed Frogmore Estates.

But some gearing will help companies make the most of a turn in the market. And even companies with significant borrowings may have room for manoeuvre because net rents virtually cover its interest costs. Capital & Regional Properties, for instance, has gearing of 73 per cent. But it has been able to double its UK portfolio at a cost of £20m, with buildings that yield enough to cover the interest costs.

The importance of strong finances can hardly be overstated at a time when many companies have difficulty in raising new money.

Those with weak balance sheets are unable to borrow for expansion. And as they usually have low share prices, well under their net asset value, any attempt to raise money by issuing shares would severely dilute the net asset value.

For many of these companies the rental income does not cover the interest and administration costs, which are often inflated by exaggerated salaries. "It is only a matter of time before institutional investors start to ask questions of directors", say property brokers at Kleinwort Benson Securities.

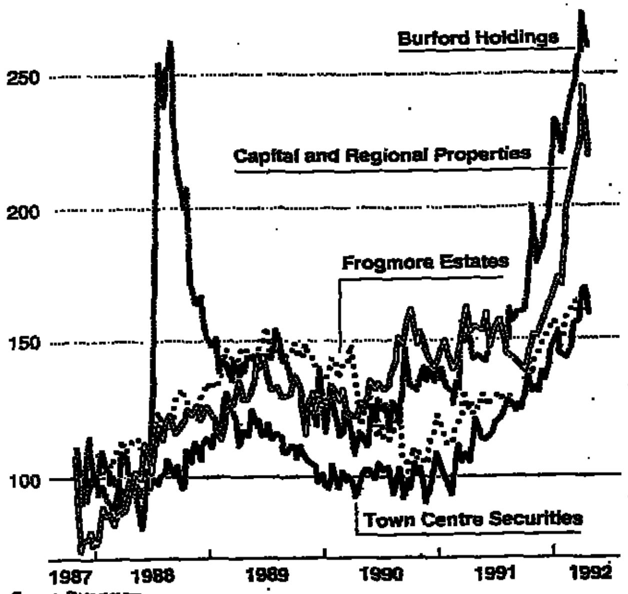
The logical answer to excessive administration charges is the consolidation of the sector. Mergers would also increase the share capital to a size where it would be far more marketable, with lower spreads between bid and offer price. Another point in favour of deal-makers is that capital gains tax liabilities have shrunk to nothing in many cases.

So far, corporate activity has been limited to Southend Property's failed attempt to buy Frogmore Estates; TR Property Investment Trusts' successful £17m bid for New England Properties and Hemingway's reversal into Marylebone Estate Company. Although Hemingway is still loss-making, analysts think the management team could be one to watch.

The reason there has been little corporate activity so far is partly that asset values have not stopped falling and potential bidders are worried about "black holes" in their accounts. It is also difficult to persuade managements to agree to a merger which could leave them out of a job. "It is difficult to put two entrepreneurs together, unless one is willing to walk away," says an analyst.

Unless and until there is some corporate activity amongst the smaller companies in the sector, the prospects for most small quoted property companies are decidedly unexciting. Scores of washed-up companies could remain stranded until they expire, merge or are swept up by the tide of the next property boom.

Share prices relative to FT-A Property index



Source: Datastream

Lower prices leave Ibstock 50% down at £10.6m

FALLING prices in its key markets of bricks and paper pulp knocked 1991 profits at Ibstock Johnsen down by more than 50 per cent, writes Angus Foster.

Pre-tax profits for the year fell to £10.6m. That compared with £23.6m a year ago, or £30m after restating a £6.4m restructuring charge as an exceptional rather than extraordinary item.

A final dividend of 3.75p makes a same-gain uncovered total of 6p, as promised during last year's £44m rights issue.

Turnover fell from £342.3m to £285.3m. In the UK, operating profits fell by 56 per cent to £9.79m as overcapacity in the brick industry forced margins down from 27 to 15 per cent.

Forestry and pulprecorded an operating loss of £1.38m (£8.18m profit) as pulp prices fell 18 per cent.

Interest receivable increased to £1.52m (£232,000) from the proceeds of the rights issue.

Earnings dropped to 2.58p (5.62p).

● COMMENT

Ibstock's decision to increase brick output by 15m by rebuilding its West Sussex plant seems odd when the market reeks of overcapacity. But the company is tempted because the south of England is the only net importer of bricks, and is betting on improving market share through transport savings. Nevertheless, it is difficult to see this year being anything but testing and by its own admission, the dividend is at risk.

Avonmore buys meat plants

By Vincent Boland in Dublin

AVONMORE FOODS, the Irish dairy and food products group, has paid I£5.5m for four meat processing plants owned by the collapsed United Meat Packers Group. The acquisitions mark Avonmore's first venture into Irish beef processing and will give it an estimated seven per cent of the republic's market.

The plants, at Sligo, Ballyhaunis and Ballaghaderreen, in the west, and at Camolin, in the south-east of the country, have a combined slaughtering capacity of 4,750 cattle and 27,500 sheep a week. Avonmore's chief executive, Mr Pat O'Neill, said the company intended to invest up to I£8m to modernise the plants and bring them up to EC standards.

A fifth UMP plant, at Charleville, County Cork, has been bought by the privately-owned group, Dairygold, for I£4m. One further plant remains to be sold.

UMP, owned by Pakistani businessman, Mr Sher Rafique, was put into receivership in February with debt of over I£60m, owed mainly to overseas banks. The receiver, Mr John Donnelly, of Deloitte & Touche, was under strong pressure from unions, farmers and the Irish government to make a quick sale to protect as many as possible of the 600 jobs at the plants.

Most of the employees are expected to be re-hired as the plants are brought back into production over the next few weeks.

The government was also keen to see plants sold to strong public companies, which it hopes will bring some stability to an important but fragmented industry. Much of the country's beef-processing industry is still in private hands and is severely under-capitalised.

Further rationalisation may result in the aftermath of the UMP collapse.

The purchase of the four plants is Avonmore's second strategic acquisition in just over a week following the purchase of UK processor, Barretts and Bairds, 10 days ago. Avonmore is also expected to announce soon the purchase of Williams Group, the Irish family-owned milling and malting company.

Predictions of post-election boom borne out

PREDICTIONS of a post-election mergers and acquisitions boom in the UK were borne out by some of last week's international deals, writes Brian Bollen.

Two of the UK's biggest names featured for different reasons. Corporate clearing house Hanson sold the Ever Ready battery manufacturer to US foods group Ralston Purina in what was described by a financial adviser as a tidying-up exercise before making a larger acquisition.

The latest stage in ICI's restructuring involves the sale of its two salt businesses in a transatlantic management buy-out led by major US salt producer D George Harris & Associates.

The offer by German components group Robert Bosch for Worcester Group, a UK central heating boiler maker, is thought likely to turn up the heat in the ongoing debate about corporate governance. While management has recommended the offer, some shareholders were not happy, arguing that the price should have been much higher and that the group's directors would receive a different offer from outside shareholders.

There was discord too at engineering group Cronite, where most of the board recommended the cash offer from AFE, a French engineering company.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Hongkong & Shanghai Banking Corporation (HK)	Midland Bank (UK)	Banking	£3.1bn	All-paper terms disappoint
Ralston Purina (US)	Ever Ready (UK)	Batteries	£132m	Hanson tidying up
ONEX Corporation (Canada)	Burger King Distribution Services (US)	Distribution	est £58m	Strategic disposal
D George Harris Associates (US)	Rock Salt/White Salt (UK)	Salt extraction	£48.5m	DGHA leads transatlantic MBO
AFE (France)	Cronite Group (UK)	Engineering	£7.3m	Recommended cash offer
Asea Brown Boveri (Sweden)	Elta (Poland)	Power equipment	£5.9m	Polish privatisation inching ahead
Aiwa (Japan)	Core International (US)	Electronics	£2.8m	Trend-coninuing stake
Robert Bosch (Germany)	Worcester Group (UK)	Central heating	£71.8m	Some shareholders angry
France Telecom (France)	Martin Dawes Communications (UK)	Telecoms	n/a	Substantial minority stake
British Gas (UK)	Natural Gas Clearinghouse (US)	Gas trading	£29m	One-third stake

Source: FT Mergers + Acquisitions International

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 19.04.92 / Final Prices for Trading on 22.03.92

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.73	16.66	16.66
0100	16.81	18.17	20.34
0130	16.91	20.59	23.16
0200	22.36	20.59	23.14
0230	22.36	17.29	19.41
0300	22.36	16.54	18.65
0330	18.30	16.69	16.69
0400	18.30	16.64	16.64
0430	16.65	16.59	16.59
0500	16.61	16.57	16.57
0530	15.39	16.57	16.57
0600	16.39	16.60	16.60
0630	16.75	16.57	16.57
0700	16.75	16.60	16.60
0730	16.73	16.57	16.57
0800	16.73	16.57	16.57
0830	16.39	16.60	16.60
0900	16.39	16.65	16.65
0930	16.39	16.93	19.07
1000	16.39	16.93	19.07
1030	16.39	17.34	18.51
1100	16.39	17.62	19.78
1130	20.72	17.62	19.78
1200	21.23	22.21	24.57
1230	21.23	22.21	24.56
1300	21.23	22.21	24.54
1330	21.23	18.14	20.31
1400	18.39	18.14	20.35
1430	16.39	16.93	19.10
1500	16.73	16.68	16.68
1530	16.71	16.70	16.70
1600	16.70	16.69	16.69
1630	16.71	16.70	16.70
1700	16.70	16.68	16.68
1730	16.70	16.68	16.68
1800	16.70	16.70	16.70
1830	16.70	18.14	20.34
1900	16.71	24.02	26.39
1930	16.73	26.00	28.37
2000	16.39	26.00	28.34
2030	16.39	21.32	23.55
2100	21.55	18.22	20.37
2130	21.55	18.22	20.39
2200	21.55	18.22	20.40
2230	16.39	18.22	20.39
2300	16.39	18.14	20.31
2330	16.63	16.68	16.68
2400	16.70	16.68	16.68

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.66/MWh becomes 1.666p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 20.04.92 / Final Prices for Trading on 23.03.92

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.70	16.78	16.78
0100	16.70	22.54	24.36
0130	16.91	22.54	24.34
0200	16.07	22.54	24.32
0230	16.39	18.22	19.85
0300	16.39	18.22	19.85
0330	16.39	18.22	19.87
0400	16.39	18.14	19.79
0430	16.39	16.70	16.70
0500	16.71	16.68	16.68
0530	16.49	16.74	16.74
0600	16.87	16.73	16.73
0630	16.85	16.81	16.81
0700	16.85	16.89	16.89
0730	16.86	17.76	19.39
0800	16.91	18.76	20.42
0830	18.49	20.42	22.14
0900	18.49	21.65	23.46
0930	18.49	25.65	27.61
1000	18.67	25.70	27.64
1030	20.67	25.70	27.64
1100	22.82	23.41	25.27
1130	22.82	23.43	25.28
1200	18.77	36.78	38.11
1230	18.77	36.76	38.08
1300	18.77	25.65	27.55
1330	18.77	22.76	24.53
1400	16.91	21.65	23.38
1430	16.87	21.10	22.81
1500	16.87	21.10	22.81
1530	16.87	21.50	23.22
1600	16.87	21.50	23.23
1630	16.87	24.96	26.78
1700	16.91	24.97	26.78
1730	18.77	24.96	26.75
1800	18.77	24.96	26.75
1830	18.77	20.70	22.41
1900	18.67	25.06	26.89
1930	18.67	25.07	26.88
2000	18.91	25.05	26.84
2030	23.75	24.96	26.75
2100	23.75	20.41	22.09
2130	23.75	18.78	20.42
2200	23.75	18.32	19.96
2230	18.77	16.95	16.95
2300	18.77	16.85	16.85
2330	16.91	16.78	16.78
2400	16.85	16.76	16.76

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.66/MWh becomes 1.666p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 21.04.92 / Final Prices for Trading on 24.03.92

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.80	16.86	16.86
0100	15.80	16.95	16.95
0130	16.91	17.37	19.50
0200	27.45	18.32	19.85
0230	27.45	16.86	16.86
0300	27.45	16.86	16.86
0330	18.50	16.81	16.81
0400	18.50	16.78	16.78
0430	16.91	16.76	16.76
0500	16.91	16.75	16.75
0530	16.86	16.78	16.78
0600	16.86	16.81	16.81
0630	16.93	16.89	16.89
0700	16.93	16.95	16.95
0730	18.51	21.58	23.20
0800	18.53	18.66	20.25
0830	19.15	21.32	23.03
0900	19.15	24.94	26.64
0930	19.15	25.74	27.72
1000	19.81	25.83	27.85
1030	19.81	25.85	27.87
1100	19.15	25.83	27.85
1130	19.15	26.03	28.11
1200	19.81	26.10	28.18
1230	27.74	25.93	27.97
1300	27.74	25.58	27.31
1330	18.97	24.25	26.02
1400	18.72	22.50	24.20
1430	18.56	21.62	23.27
1500	18.56	21.74	23.38
1530	18.56	21.73	23.37
1600	18.56	21.60	23.24
1630	22.11	21.49	23.12
1700	25.76	21.73	23.38
1730	25.76	21.86	23.51
1800	25.76	21.84	23.49
1830	18.56	21.91	23.61
1900	18.56	25.96	27.84
1930	16.93	26.03	27.90
2000	16.92	25.85	27.66
2030	18.56	24.86	26.56
2100	25.42	21.57	23.18
2130	25.42	20.86	22.44
2200	25.42	19.03	20.57
2230	18.56	16.93	16.93
2300	16.93	16.87	16.87
2330	16.87	16.78	16.78
2400	16.83	16.79	16.79

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.66/MWh becomes 1.666p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

COMPANIES AND FINANCE

Mitsui chemical, petrol companies in merger talks

By Steven Butler in Tokyo

MITSUI Petrochemical Industries and Mitsui Toatsu Chemicals are in talks about a possible merger that could create one of Japan's largest integrated chemicals companies.

The two companies confirmed yesterday that talks were underway, although they said no details of any possible merger had yet been agreed.

The idea of a merger between the two companies, both part of the loosely structured Mitsui group, has been discussed off and on for 20 years. Downturn in the worldwide chemicals industry and in the Japanese economy has recently made a deal more attractive.

Both companies saw profits fall steeply in 1991, and are expected to report further profit declines in the fiscal year which ended last month.

A merger would have a certain industrial logic. Mitsui Petrochemical is a bulk producer of petrochemicals. Mitsui Toatsu is a big producer of resins and other industrial chemicals, but lacks a naptha cracker, which means it has to buy basic feedstock from outside suppliers.

Combined sales of the companies would be about Y770bn ($5.78bn), putting it among the top ranks of Japan's chemical companies, and increasing its international competitiveness. The combined company, however, would still be relatively small by world chemical industry standards.

Mr Toshihiko Nakajima, analyst at Salomon Brothers, said: "The biggest problem is how not to violate the anti-monopoly act."

Mr Nakajima said the two companies' combined production of phenol accounted for between 40 and 50 per cent of the Japanese market, well over the 25 per cent limit set by the Fair Trade Commission.

There were also doubts about how much would be achieved by a merger, unless the companies were able to rationalise the business.

Mr Colin Talcroft, analyst at Barclays de Zoete Wedd, said: "Sheer size is only good if you can be big and lean. It is no good just to be big."

Japan's lifetime employment system at big companies makes it difficult for them to spin off operations and reduce manpower, even though in this case there would be obvious potential savings.

And even though the companies have reasonably close business ties, outright mergers between different companies with individual management cultures and histories have often preved difficult in Japan.

Retail side back in black at Sears, Roebuck

By Nikki Tait in New York

SEARS, Roebuck, the large Chicago-based retail and financial services group, has reported a modest $16.5m profit at its troubled retail division in the first quarter of 1992.

This compares with a $14.1m loss a year earlier. However, comparisons are still muddied by one-off items. In the merchandise division, which is being overhauled, a $54.5m after-tax gain from the sale of a minority interest in Sears Mexico more than offset a $38.5m restructuring charge, largely for severance costs.

The retailer also reported that merchandise revenues rose just 3.3 per cent, to $6.85bn. Domestic store sales improved, it said, but Sears Canada and the catalogue operations decreased.

The financial services operations fared better. Allstate, the large insurance group owned by Sears, reported profits of $261.1m, up 22.2 per cent.

Dean Witter, the securities house subsidiary, made profits of $143.5m, compared with $78.1m a year ago.

Gulf conflict proves boon to El Al

By Hugh Carnegy in Jerusalem

THE Gulf war, which bought Iraqi Scud missiles exploding close to El Al's headquarters at Tel Aviv's Ben Gurion airport, turned out to have a bright side for Israel's state-owned airline, its annual results show.

The carrier announced 1991 net profits of $38.9m, up almost three times from the $14.1m returned in 1990. It was the sixth consecutive annual profit for El Al, despite remaining officially in receivership where it was placed in 1982 to rescue it from heavy debts and losses.

Although the Gulf conflict affected tourism to Israel in the first half, El Al benefited by being the only operator bar one that continued to fly in and out of the country during the war. It consequently took almost 100 per cent of the traffic, where usually it has only a 50 per cent share.

With space limited, prices were also at a premium. After the war, when passengers began to return in large numbers, they were often booking at short notice, again paying top prices. Sales were up 12 per cent at $877.6m, although the number of passengers carried fell slightly to 1.75m.

Ironically, a spokesman said yesterday profits in 1992 might not reach the 1991 level, despite a dramatic recovery in passenger traffic, because of heavy competition and discounts on forward booking.

Last year, a trend to charter flights in the second half was reflected in a sharp increase in contributions from El Al subsidiaries, up by more than twice to $8.1m.

With diplomatic relations recently established for the first time between Israel and China, El Al is due to start weekly flights to Beijing in June. It hopes this will open the way to development of a network of east Asian routes.

Little progress has been made so far in long-standing government plans to privatise El Al, which would help raise much needed capital for the airline. The company, however, has gone ahead with a big modernisation programme, financing the purchase of seven new Boeing 757 aircraft from its own resources.

It is seeking government guarantees to help it finance the purchase of two Boeing 747/400 aircraft in 1994.

Two US banks advance

By Martin Dickson in New York

CHASE Manhattan, the large New York banking group, and NationsBank, the southern-based regional giant, yesterday underscored the improving health of the US banking sector with sharp improvements in first-quarter net income.

Chase recorded a 21 per cent increase, despite higher provisions for credit losses, while NationsBank, recently formed from a merger between North Carolina-based NCNB and C&S/Sovran, reported a near doubling of income.

NationsBank, reporting figures for the merged bank for the first time, produced net income of $310m, or $1.28 a share, compared with $159m, or 70 cents, a year ago.

Chase reported net income of $141m, or 81 cents a share, compared with $117m, or 73 cents a share, in the same period last year.

Chase's capital ratios also improved, with the Tier One figure rising to 5.7 per cent from 4.5 per cent a year ago and the total capital ratio rising to 10.2 per cent from 8.7 per cent.

SMI slides to L12.2bn

By Haig Simonian in Milan

SOCIETA Metallurgica Italiana (SMI), the Italian company which is now Europe's biggest maker of semi-finished copper and alloy products, more than doubled group sales to L3,013bn ($2,437.70m) last year from L1,495bn in 1990.

The surge in sales stemmed from SMI's long-awaited acquisition in December 1990 of Kabelmetal, the German non-ferrous metals producer formerly owned by MAN.

However, buoyant profits from Kabelmetal – thanks to continuing strong demand in Germany – failed to prevent a sharp fall in SMI's group earnings last year owing to falling product prices and recession in several European markets.

Net group earnings after minority interests slipped to L12.2bn from L12.7bn in 1990. Profits before minorities rose to L30.3bn from L15.7bn in 1990.

Despite the profits fall, SMI stressed its confidence in the business by dipping into reserves to pay an unchanged dividend of L35 for ordinary shares and L70 for savings shares.

International business helps Philip Morris to $1bn profit

By Nikki Tait

STRONG performances by Philip Morris's international food and tobacco operations helped it to after-tax profits of $1.09bn in the first three months of 1992.

The US tobacco and food group's net profits in the same period a year ago bore the impact of a $921m charge for accounting changes. Even with this stripped out, there was an underlying increase of 19.5 per cent, from $920m, while pre-tax earnings rose 18.5 per cent to $1.91bn. Earnings per share were up by 21.2 per cent to $1.20.

Despite the improvement, operating revenues fell slightly, by 1.2 per cent to $14.05bn. This reflected currency transactions and lower sales from the recession-hit food operations in North America. Its shares closed down $2¼ to $76 on the news.

On the tobacco side, Philip Morris saw a 13.4 per cent operating profits advance overall, although the volume of cigarettes shipped fell by 3.5 per cent – partly because of the timing of Russian shipments.

Domestic market share was put at 41.6 per cent.

Abitibi-Price slides to deficit of C$41m

By Bernard Simon in Toronto

ABITIBI-Price, the Canadian forest products company 82 per cent-owned by property developer Olympia & York, has entered its third consecutive year in the red.

The unremitting weakness in the newsprint market pushed Abitibi to a first-quarter loss of C$41.6m, (US$35.2m) or 61 cents a share, from a C$5.5m loss, or 9 cents a share, a year earlier. Losses totalled C$75.9m last year and C$44.6m in 1990. First-quarter revenues dipped by 10 per cent to C$650m.

As one of O&Y's non-property assets, Abitibi is a candidate for disposal to ease the parent company's liquidity crunch. However, O&Y would prefer not to sell the company at the bottom of the forest products cycle. Abitibi's shares were trading at C$14.50 on the Toronto Stock Exchange at midday yesterday, only about one-third of their 1987 peak.

The company estimates that excess newsprint supply in North America at about 1m tonnes. It said offshore markets were also being hit by "severe pricing pressures". Abitibi expects to take 300,000 tonnes of its total annual newsprint capacity of 1.6m tonnes out of production in 1992.

COMPANY NEWS IN BRIEF

Colgate advances 25%

COLGATE-Palmolive, the US consumer products group, produced a 25 per cent increase in first-quarter net income, from $91.3m last year to $113.8m, on sales which rose from $1.46bn to $$1.6bn, Martin Dickson reports from New York.

Earnings per share rose from 65 cents to 74 cents. The company attributed the profits advance to unit volume growth, manufacturing efficiencies and a more profitable business mix.

■ Cummins Engine, the Indiana-based diesel engine and heavy-duty truck manufacturer, unveiled a small turnround to first-quarter net profits of $8.6m from losses of $34.3m a year earlier, AP-DJ reports from New York.

The company benefited from cost-cutting, while demand for its mid-range engines remained strong. Sales were roughly unchanged at $881.3m and earnings per share came to 45 cents compared with losses of $2.44.

■ Capital Cities/ABC, the US media group, reported a fall in first-quarter earnings to $41.7m, or $2.51 a share, on revennes of $1.1bn, down from $58.6m, or $3.50 a share, on revenues of $1.26bn in the year-earlier quarter, Reuter reports from New York.

The company said advertising demand had started to improve in the current second quarter, despite the continuing sluggish economy.

■ LSI Logic, the leading US maker of application-specific semiconductor devices, showed a sharp drop in first-quarter figures, Louise Kehoe reports from San Francisco.

Revenues fell to $151m, down 16 per cent from $180m. Net income slid 85 per cent to $309,000, or 1 cent a share, from $2.1m, or 5 cents a share, in the first quarter of 1991.

■ Burlington Northern, one of the large US railroad companies, reported first-quarter profits of $80m after-tax, compared with $8m in the first quarter of 1991, Nikki Tait reports. Sales totalled $.19bn, higher than the $1.13bn in 1990.

Burlington said first-quarter profits included a $47m non-operating credit, resulting from litigation matters, partially offset by an $18m charge resulting from accounting changes.

■ Lockheed, the US defence and aerospace group, made an after-tax profit of $66m in the first quarter, up from $54m a year ago, Nikki Tait reports.

First-quarter sales were marginally lower at $2.23bn. The earnings improvement was attributed to higher earnings from electronic systems and missiles and space systems businesses, as well as lower interest rates.

■ Gillette, the Boston-based shaving products group, reported after-tax profits of $129.4m in the first three months of 1992, compared with $107.2m a year earlier, Nikki Tait reports.

Sales were $1.21bn, up from $1.11bn. Gillette said the international group saw sharply higher operating profits.

■ Ralston Purina, the world's largest pet food and livestock feeds group, unveiled a fall in second-quarter net profits to $86.1m, or 76 cents a share, from $98.4m, or 84 cents, a year earlier, AP-DJ reports from St Louis. Sales were $1.88bn, up from $1.82bn.

For the first half, net profits fell to $216.8m from $233.7m on sales ahead at $3.9bn against $3.78bn. Earnings per share slid to $1.90 from $2.10.

■ Weyerhaeuser, the paper and pulp group, reported after-tax profits of $86.6m in the first three months of 1992, a substantial improvement on the $47.9m (before an accounting adjustment) seen in the same period a year earlier, Nikki Tait reports.

■ Noranda Forest, Canada's biggest forest products group, reduced first-quarter losses to C$24m (US$20.3m), or 21 cents a share, from losses of C$38m, or 41 cents, a year earlier, Robert Gibbens reports from Montreal. Sales were C$1.05bn against C$1.03bn.

■ Georgia-Pacific, the US building products and paper company, saw a net profit of $43m in the first quarter, compared with a loss of $7116m a year ago, Nikki Tait reports.

■ Scott Paper, the leading Canadian tissue products group, turned in net profit down 70 per cent to C$1.4m (US$1.18m), or 9 cents a share, Robert Gibbens reports.

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Conditions set for continued rally

THE GILT market looks set to be busy over the next few months, with signs of strong demand from domestic and overseas investors for the large issues of the securities in the pipeline.

With the political outlook settled after the Tories' surprise win in the general election, and inflation heading for further falls, the conditions are in place for a continued rally in the market, with a further drop in yields. The main worry for investors is the volume of new gilts to be issued by the Bank of England to pay for rising public borrowing.

The £30bn or so of gilts likely to be made available to investors over the next year will limit the scope for a large drop in yields, putting a lid on any rise in prices.

Much the same calculations apply for bonds issued by other European governments. With France and Germany likely to issue large amounts of securities over the next two years to finance their borrowing needs, yields for European government bonds generally may be kept relatively high to attract purchasers.

Last week, the gilt market paused for breath after the four-point surge in prices in the 24 hours after the election result on April 9. As a result, the market saw only a relatively small downward movement in yields.

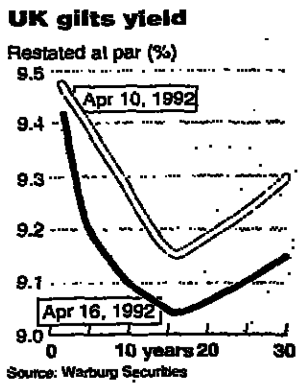
Despite this, it had little trouble digesting an issue of £800m worth of gilts announced by the Bank on April 13. The selling of this stock in a matter of hours means the Bank has, since the start of the 1992-93 financial year, found buyers for some £5bn worth of securities.

At the end of last week, the 10 per cent Treasury bond maturing in 1994 was quoted at 101⅝, a rise of ⅛ of a point. The yield was pushed down from 9.54 per cent to 9.4 per cent. The longer-dated 9 per cent Treasury gilt due in 2008 saw a ½ point gain, with a closing price of 99⅞. Its yield went down from 9.08 per cent to 9.03 per cent.

In the past week, gilt specialists have reported strong demand for the securities from investors in Germany and Japan. The allure of the bonds to overseas buyers is helped by the strength of sterling since the election result, and the perception that Britain is on its way to achieving low inflation due to the link between the pound and the D-Mark via the European exchange rate mechanism (ERM).

In recent days, economic data have provided hesitant signs of a recovery in the UK economy, gripped by recession for nearly two years. Seasonally adjusted unemployment in March rose by just 7,400, the smallest monthly increase for nearly two years, while manufacturing output jumped in February by a higher-than-expected 1.1 per cent.

UK gilts yield



Source: Warburg Securities

The concern over funding was, however, underlined by a record £6.4bn public-sector borrowing requirement in March, the last month of the 1991-92 financial year. This brought the borrowing figure for the year to £13.9bn, compared with a small net repayment of £465m the year before. In 1992-93 the Treasury expects the figure to be £28bn.

The rising figure for borrowing will probably not pose too many problems for the gilt market in the next few months. That is the view of Mr Stephen Bell, UK economist at Morgan Grenfell and gilts adviser to Deutsche Bank, which owns Morgan Grenfell and has just become a market-maker in the securities.

According to Mr Bell, gilt yields are likely to fall over the next six months by about 0.4 of a percentage point, continuing the broad trend of falling yields for the securities which started around the middle of last year. Yields for German bonds – which act as a benchmark for the European government bond market – are likely to see a similar fall.

However, he thinks that by the end of 1992 the volume of funding in the pipeline by Germany, Britain and France could start to create problems for the European bond market. With these three governments likely to issue between them more than £200bn worth of bonds over the next two years, the volume of securities for which the governments will be seeking buyers will depress any tendency for a further drop in yields, and keep prices relatively low.

Peter Marsh

FINNISH BONDS

Extra borrowing another blow to investors

THE Finnish government bond market has had a turbulent time. Short-term interest rates shot skywards in early April, pushing up yields on longer-dated debt. In addition, the government is expected to issue heavily over the next few months, a factor which could depress the market.

The sudden plunge in Finnish bond prices this month took some investors by surprise. Until recently, the Finnish government bond market had a certain allure: it offered high real return as interest rates hovered around 11 per cent, while inflation, which has fallen, is now below 3 per cent.

Although the market is small and lacks significant long-dated issues, traders expected the government to increase the maturity range to provide a liquid 10-year pure government bond – as opposed to the existing 10-year housing bond.

Bond dealers say some international investors bought Finnish government bonds on the convergence argument, encouraged by the Finnish markka's link to the Ecu and the fact that Finland has applied for EC membership. However, hopes of profiting from a gradual decline in interest rates were cruelly dashed.

Mr Rolf Kullberg, governor of the Bank of Finland, announced on April 3 he planned to resign. This followed a public row with the prime minister, Mr Esko Aho. Fears of a devaluation quickly forced up short-term interest rates, pulling up the yields on government bonds by as much as 1 percentage point. An estimated FM5bn to FM10bn flooded out of the country.

The government was forced to put together an emergency economic package that weekend, promising FM10bn in expenditure cuts, and Mrs Sirkka Hämäläinen was quickly installed as the new governor at the central bank.

Promises of support for the markka from the Bundesbank and the central banks of Sweden, Denmark and Norway helped calm the markets. The one-month Helsinki interbank offered rate (Helibor), which shot up to 25 per cent, soon fell, and the yield on seven-year government bonds, which had climbed as high as 12 per cent, is now slightly lower.

Although the crisis scared some foreign investors, there has been renewed buying interest from those hoping to benefit from a future fall in interest rates, according to analysts.

The Bank of Finland reports an inflow of capital, but the crisis may well have jolted the confidence of investors.

Traders expect the government to issue up to FM40bn of bonds this year. Before the crisis, they had expected half to be markka bonds, mainly in the domestic market, and the remainder in the international market. However, with the rise in domestic interest rates, the government may borrow much less than half the amount in the domestic market.

Sara Webb

US MONEY AND CREDIT

Treasuries tumble on data surprise

US Treasury bond prices fell sharply yesterday as Wall Street returned from the long Easter weekend holiday to absorb some unsettling new economic data and await this week's sizeable auctions of Government paper.

The yield on the benchmark 30-year bond broke through the psychologically significant 8 per cent barrier and was quoted in late afternoon trading at around 8.027 per cent, for a price of 99 ⅝, down 1¼ on the day. The three-year issue was quoted at 98⅞, down ⅛, to yield 5.936.

Concern over this week's auctions kept many retail buyers on the sidelines and prices on the slide for most of the day. The Treasury will sell $14.75bn of two-year notes on Wednesday and $10.25bn of five-year notes on Thursday.

The market was also reacting to two pieces of economic news released last Friday, when US credit markets were closed: some unexpectedly strong figures for housing starts and fresh testimony before Congress by Mr Alan Greenspan, the chairman of the Federal Reserve.

Home building figures for March jumped by 6.4 per cent, the fourth monthly increase in a row and far above analysts' expectations. And that increased the market's concern that the US could be facing a stronger-than-expected economic recovery, with attendant inflationary pressures.

However, the relative strength of the US recovery remains a matter of contention, with generally strong economic data for February being superseded by relatively soft indicators for March.

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	3.98	2.50	3.75	11.00	2.00
Three-month Treasury bills	3.72	3.70	4.15	8.29	3.76
Six-month Treasury bills	3.89	3.86	4.37	7.70	3.89
Three-month prime CDs	4.00	4.08	4.32	7.17	4.01
30-day Commercial Paper	3.87	3.80	4.25	7.12	3.90
90-day Commercial Paper	3.90	3.80	4.30	7.02	3.92

US BOND PRICES AND YIELDS (%)

	Last Fri	Change on wk	Yield	1 week ago	4 wk ago
Seven-year Treasury	99⅛	-⅞	7.10	7.02	7.35
10-year Treasury	100⅝	-⅞	7.43	7.34	7.70
30-year Treasury	100⅛	-⅞	7.93	7.88	8.04

Source: Salomon Bros (estimates).

Money supply: In the week ended April 6, M1 rose by $5.3bn to $940.7bn. M2 rose by $5.2bn to $3,467.5bn.

Other data for March released over the past few weeks has presented a picture of a sluggish recovery. Last week, for example, brought figures showing March retail sales fell 0.4 per cent after rising by 1.3 per cent in February and 2.1 per cent in January.

Mr Greenspan's cautious testimony before the Senate Banking Committee on Friday was broadly neutral for the market. He said the recent indicators were all in "the context of moving forward in a modest way" and he estimated that the economy expanded at an annual rate of 2 per cent in the first quarter. While he did not believe this was adequate, he added: "We do project a higher rate of growth moving on through the rest of the year and into next."

Despite yesterday's dip, many bond market analysts see the current economic configuration as modestly bullish for the long end of the Treasury market over the next months. Noting that the broad monetary aggregates are still stuck at the bottom of the Fed's target range, they predict economic recovery will remain sub-par for many months ahead. This in turn leaves open the possibility of still more easing by the Federal Reserve over the next few months, on top of the 25 basis point cut in the Fed Funds rate announced earlier this month.

However, the long bond seems unlikely to break out of its current 7.80 to 8.00 yield range until the market becomes convinced that inflation really is under control and the Fed is not becoming dangerously accomodating.

This week is unlikely to bring much change in the underlying mood, since relatively few economic statistics are scheduled for release. Thursday will bring figures for March durable goods orders, with the consensus forecasting 1 per cent growth following a 0.3 per cent fall in February.

The sharp decline in recent months in the Japanese real estate and equity markets has led some analysts to worry that the repatriation of Japanese funds from the US might have serious knock-on effects on America's fixed income and equity markets.

However, the theory was knocked on the head last week by Mr Greenspan, who noted in his Congressional testimony that Japanese investors held only a small fraction of outstanding US equities and government debt.

Ms Susan Hering, a fixed income research analyst at Salomon Brothers, said Japanese investors owned just 2.2 per cent of marketable US Treasury securities at the end of 1991, according to official tallies. She argues fears of major repercussions from a Japanese sell-off may be exaggerated, citing the relatively small size of the holdings; the likelihood that any sell-off would be gradual; and the fact that private US credit demands are in secular retreat, leaving the economy well positioned to absorb hefty government debt.

FT/ISMA INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHT	Issued	Bid price	Chg on week	Yield
ABBEY NATIONAL 9 3/4 94	200	106⅛		6.00
ABN 9 1/8 94	200	105⅝	-⅛	6.50
AETNA LIFE & CAS 7 3/4 16	200	102¼	+¼	7.55
ALBERTA PROVINCE 8 5/8 96	750	105⅛		7.17
ALBERTA PROVINCE 9 3/8 95	600	108		6.73
AMERICAN EXPRESS ZERO 00	450	48⅛	+⅛	8.75
AMERICAN GENERAL 9 3/4 95	100	105⅝	-⅛	7.60
AMERICAN INTL 0 04	750	36¼		8.61
ASIAN DEV BANK 0 04	1000	36½	+⅛	8.49
ASIAN DEV BANK 8 96	100	102⅝	-⅛	7.30
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MITSUI TST FIN HK 7 3/4 94	200	102⅝	-⅛	6.32
MOBIL AUSTRALIA 8 94	200	104⅛		5.98
MONY FUNDING 8 1/4 96	150	88⅞	+⅛	11.74
NEW ZEALAND 9 94	850	106¼	+⅛	6.12
NEW ZEALAND 10 1/4 95	200	102½		9.29
NEWFOUNDLAND 11 3/8 95	75	110⅛		7.12
NIPPON CRED BK 10 3/8 95	150	108⅛	-⅛	7.22
NIPPON TEL & TEL 9 3/8 95	200	107⅛	-⅛	6.43
NOMURA INTL 9 3/8 95	150	105⅝	-⅛	7.09
NORDIC INV BANK 0 94	150	86⅝	+⅛	6.16
NORINCHUKIN BANK 8 5/8 97	200	104⅛	-⅛	7.51
NORWAY 7 96	1000	100⅛		6.95
ONTARIO 8 1/2 01	600	102¼	-⅛	8.15
ONTARIO HYDRO 11 5/8 94	200	109⅝		5.99
OSLO 7 7/8 97	150	101⅛		7.54
OSAKA PREFECTURE 8 1/2 94	140	105⅛	-⅛	6.03
OSTER KONTROLLBANK 8 1/2 01	200	104⅛		7.78
OSTER KONTROLLBANK 9 95	200	107⅝	+⅛	6.47
OSTER POSTSPARK 10 1/2 94	150	108½	+⅛	5.89
PANASONIC FIN 9 3/8 96	300	106⅝	-⅛	5.89
PETRO-CANADA 7 1/4 96	200	100⅞	-⅛	6.99
PETROBRAS 10 96	200	96⅝	+⅛	11.28
PHILIP MORRIS 9 7/8 98	200	106	+⅛	8.51
PROCTER & GAMBLE 10 95	150	102	-⅛	9.23
PRUDENTIAL FIN 8 1/4 01	300	98⅞		8.41
PRUDENTIAL RLTY SECS 0 99	365.216	59⅛	+⅛	7.93
QANTAS AIRWAYS 8 5/8 96	97.75	104⅝	-⅛	7.27
QUEBEC HYDRO 9 01	300	104		8.34
QUEBEC HYDRO 9 3/4 98	150	108½		7.99
QUEBEC PROV 9 98	200	105⅛		7.86
QUEENSLAND GOVT 10 1/4 95	100	109⅝	-⅛	6.97
RALSTON PURINA 11 3/4 95	150	111⅛	+⅛	7.52
REED PUBLISHING 9 5/8 97	150	107⅝		7.84
SAINSBURY 9 1/8 96	150	106	+⅛	7.47
SAS 10 99	200	105⅝	+⅛	8.81
SAS 10 1/8 95	150	107⅝	+¼	7.68
SBAB 9 1/2 95	500	107⅛		6.66
SBC FINANCE 7 3/4 96	200	102⅞		6.99
SEAGRAM CO 8 1/2 96	100	102¼		7.82
SEARS EURO TRUST 8 3/4 96	750	103⅛	-⅛	7.77
SEARS O/S FIN 0 98	500	60⅝		8.35
SEARS ROEBUCK EURO 9 3/4 95	500	105⅛		7.63
SNCF 7 1/4 94	175	102⅝	-⅛	5.49
SNCF 9 1/2 98	150	109⅝	+⅛	7.55
STATE BK NSW 8 1/2 96	200	103⅝		7.45
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABN AMRO 8 1/2 96	500	100⅛	-⅛	8.41
AUSTRIA 6 3/4 97	750	93⅝	+⅛	7.97
BNP 8 1/4 01	200	100⅝	+⅛	8.16
DEUTSCHE FINANCE 7 1/2 95	1000	97⅛	-⅛	8.42
EIB 5 3/4 98	400	90⅛	+⅛	7.83
EIB 6 1/4 97	600	91⅛		7.86
EUROFIMA 8 3/4 96	400	102⅝	+⅛	8.07
FIRST INTERSTATE 5 3/4 96	100	85⅛	-⅛	10.21
IND BK JAPAN FIN 5 5/8 96	200	90⅝	-⅛	8.47
INTER AMER DEV 9 00	300	105⅛	+⅛	8.10
IRELAND 6 1/2 99	300	91⅛	-⅛	8.21
LUFTHANSA INT FIN 5 7/8 98	500	89⅛	+⅛	8.15
NAT BK HUNGARY 10 3/4 98	500	100		10.72
QUEBEC HYDRO 8 5/8 01	600	101⅛	+⅛	8.42
SWEDEN 6 1/8 98	300	91⅛	+⅛	7.92
TURKEY 10 3/4 96	500	100⅛	+⅛	10.67
WORLD BANK 0 15	2000	20	+⅛	7.03
WORLD BANK 5 3/4 96	300	93⅛	+⅛	7.85
WORLD BANK 8 3/4 00	1250	105⅜	+⅛	7.76

SWISS FRANC STRAIGHTS	Issued	Bid price	Chg on week	Yield
ASIAN DEV BANK 6 10	100	89⅛		7.02
AUSTRIA 4 5/8 98	100	90	-⅛	6.75
CHUBU ELEC POWER 6 3/4 01	300	99⅛	+⅛	6.78
COUNCIL EUROPE 4 3/4 98	250	89	-⅛	7.11
EEC 5 1/2 00	100	90¼	-⅛	6.96
EIB 6 1/2 98	800	99⅛		6.54
ELEC DE FRANCE 7 1/4 06	100	102½		6.96
FINLAND 5 3/8 95	150	94⅞		7.09
GENERAL MOTORS 7 1/2 95	100	100	+⅛	7.50
JAPAN DEV BK 5 1/2 94	100	96¼	+⅛	7.77
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ONTARIO 11 1/8 01	100	106¼	+¼	9.93
SEVERN TRENT 11 1/2 99	150	105⅛	+⅝	10.44
SKANDINAVISKA ENSK 13 1/8 95	100	106¼	+2	10.46
TOKYO ELEC POWER 11 01	150	107⅛	+⅛	9.78
WORLD BANK 11 1/4 95	100	103⅝	+2⅛	9.77

NEW ZEALAND DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABBEY NATIONAL 0 96	100	66⅝		9.52
BNP 12 96	50	109⅝	+⅛	9.10

FRENCH FRANC STRAIGHTS	Issued	Bid price	Chg on week	Yield
CEPME 10 95	2000	102½	+⅛	9.04
ELF-AQUITAINE 9 99	600	100⅛	+⅛	8.94
EURATOM 7 5/8 98	500	93⅛	-⅛	9.09

EQUITY WARRANTS	Expiry Date	Bid price	Chg on week	Prem
ASAHI GLASS	25/06/98	16¼	+2	28.87
CANON	24/05/95	11⅝	+1⅝	22.42
HANKYU DEPT STORES	14/03/96	5	+⅛	48.82
HINO MOTORS	06/07/94	½	+⅛	81.37
KOBE STEEL	[illegible]	2¼	+⅛	63.14
MITSUI TOATSU CHEM	[illegible]	[illegible]	[illegible]	
MORINAGA	13/06/92	9⅛	+1⅛	32.81
NICHIREI CORP	11/06/98	10	+⅛	50.15
NIPPON COMSYS	31/01/95	3⅝	-⅛	67.75
NISSHIN STEEL	18/04/96	[illegible]	[illegible]	
ROYAL HOTEL	14/03/97	1⅛	+⅛	70.14
SMC	25/07/95	1⅞	+1⅛	
TAKASHIMAYA	02/07/96	4⅛	-1⅛	34.29
TOYO SASH	05/08/97	3	+1	
YAMANOUCHI PHARM	01/03/94	12⅛	+1⅞	25.45

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn = current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant ex yld = exercise yield at current warrant price.

Closing prices on April 16

INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS

Emu concerns raise yields in Ecu sector

POST-Maastricht euphoria in the Ecu bond market has evaporated, as fears about the ratification of the treaty on European monetary union surfaced in recent weeks.

The agreement on European monetary union reached by European Community governments at Maastricht in December was supposed to remove the uncertainty surrounding the future of the European currency unit which had been undermining the Ecu bond market. In the wake of Maastricht, bond prices raced ahead, as predicted, and, at the start of 1992, the outlook for the market appeared propitious.

Several months later, the surge of new bond issues has dried up in the face of investor disinterest.

The disappointing performance of European bond markets has pushed Ecu yields higher, and, as a result of worries about ratification, Ecu bonds have underperformed other European bond markets.

"Ratification of the treaty, which must occur before it comes into effect on January 1, 1993, is not just a case of 'rubber-stamping'," said Mr Paul Hammett, an economist at Paribas Capital Markets. "New laws and, in some countries, constitutional changes are required."

Fears have been stirred by the approach of referenda on monetary union in Denmark on June 2, and in Ireland on June 18. In addition, there has been pressure for a referendum in France, although the treaty could be ratified by parliament, where a three-fifths majority is needed. However the market has been most rattled by anti-monetary union stirrings in Germany, where the issues of loss of sovereignty and of their own currency have come to the fore. This change of mood in Germany has highlighted the lack of debate over monetary union within most European nations – apart from the UK and the Netherlands – until now.

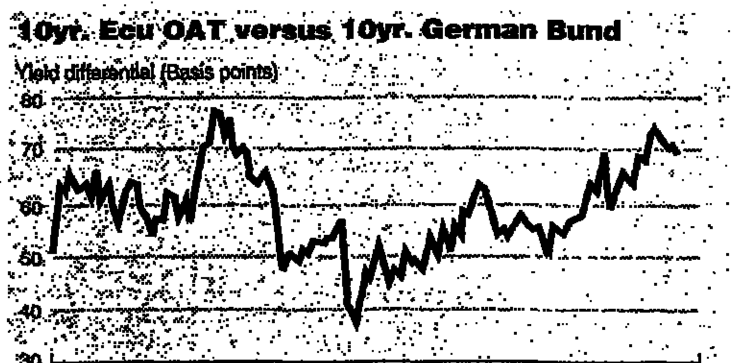
In the last few weeks, there has been substantial selling of Ecu bonds by large institutional accounts, pushing yields back to pre-Maastricht levels. Central banks, which have been a particularly important investor base in this market, have been the main sellers.

"There has been a small amount of retail buying, but that has been no match for large-scale institutional selling," one Ecu bond trader said.

However, sentiment improved somewhat last week, as the threat of a realignment of the Exchange Rate Mechanism faded. Following the election victory of the ruling Conservative party in the UK on April 9, sterling rallied strongly, removing fears that the currency's weakness within the ERM would force a realignment.

In fact, the risk of realignment is now probably the lowest it has ever been, and the prospect of sterling's move to the narrow band of the ERM has further buoyed sentiment. The completion of a series of European elections has also ended some political uncertainty.

10yr. Ecu OAT versus 10yr. German Bund



In addition, fears about the future of the treaty may have been overplayed, partly because the initial euphoria after Maastricht was overdone. "The chances of the treaty falling through are exceedingly small," said Mr Neil Rogers, bond analyst at UBS Phillips & Drew. "But when Ecu yields are the lowest in the European Community bar German yields [as they were in the wake of Maastricht], you have to question whether the market is offering any value."

Mr Hammett of Paribas also believes the risk of non-ratification is low, warning of "misguided pessimism".

But there is little prospect of investors returning to the sector with any enthusiasm, at least until European bond markets start to show some direction. A cut in German interest rates, or even strong expectations of a cut, would provide a much-needed fillip.

Meanwhile, activity in the new issues market, which surged at the start of the year, is likely to remain subdued. There is little sign of any increase of corporate bond issuance, since rates are not particularly attractive and swap opportunities are scarce.

However, the supply of paper from European governments keen to demonstrate their political commitment to the market is likely to continue, though at a slower pace. Issuance may pick up in the second half of the year, especially if market conditions improve as expected.

Many issuers are currently adopting a "wait-and-see" approach. Spain, for example, has not yet tapped the market this year, but is expected to raise funds later in the year.

For countries such as Spain, the Ecu market offers an opportunity to pay lower interest rates, without taking on any significant currency risk, as well as making a political point. Portugal, which recently joined the ERM, could be ready to raise Ecu funds later this year.

Belgium is about to start issuing Ecu commercial paper, but is not expected to issue longer-term debt, under its new domestic bond programme, until later in the year.

Meanwhile, for countries with lower interest rates, the interest rate penalty for tapping the Ecu market has shrunk. While there is still no prospect of activity from Germany, the Netherlands could decide to tap the market later this year.

In fact, Ecu yields fell below Dutch government bond yields in the wake of Maastricht, though that differential has now widened to more than 30 basis points. If Portugal and Holland raise Ecu funds later this year, it is quite likely that by the end of the year Germany will be the only significant EC member not to have tapped the market.

However, there is a limited amount of issuance on the cards over the coming weeks. This week, the UK plans to raise Ecu500m through its three-year note programme, and Italy is expected to issue five-year CTE's under its domestic bond programme, which could trigger some swap-driven Eurobond activity.

Tracy Corrigan

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Takiron Co(a)♦	65	1996	4	3⅝	100	Daiwa Europe	3.625
Sanbra Intl Fin.II Ltd(h)†	50	1995	3	10	96.641	Merrill Lynch Intl.	11.384
Banco Do Brasil(j)†	200	1995	3	9½	99.83	Crdt.Suisse Fst.Boston	9.567
Samsung Electronics(k)§†	100	2007	15¾	3¼	100	Merrill Lynch Intl.	3.75
Banco Multiplc(p)†	50	1994	2½	10	96.3016	Socimer Intl.Bank	11.75
STERLING							
Woolwich B/S.(f)†	50	2001	9	11⅝	103.95	BZW	-
Hypobank(g)†	50	1997	5	10¼	102	Samuel Montagu	9.688
John Lewis Plc.†	100	1998	5.75	10⅜	101.578	Nat.West.Cap.Mkts.	9.976
P&O(i)†	125	2014	12	11½	101.54	BZW	11.299
Hammerson Prop.I.& D.(l)†	100	2013	11	10¾	93.482	NatWest.Cap.Mkts.	11.584
Leo 1 plc(n)‡†	83	(d)	-	(d)	100	JP Morgan	-
Leo 1 plc(o)‡†	75	(e)	-	(e)	100	JP Morgan	-
ECUs							
Credit Local De France(m)†	75	1997	4.75	8½	99.00	Bankers Trust Intl.	8.749
FRENCH FRANCS							
Credit Foncier(d)♦†	400	2002	10	4	99.97	J.P.Morgan	4.003
France Telecom†	500	1999	7	9½	100.82	Crdt.Comm.De France	8.830
SWISS FRANCS							
Tokatsu Food(a)§★★†	60	1998	-	5	100	Nw.Japan Bk (Schwtz)	5.059
SNT Corp(b)♦★★†	35	1996	-	4	100	Coutts & Co.	4.000
Bodysonic(c)§★★†	25	1996	-	5	100	Swiss Bank Corp	5.063
LIRE							
Ferrovie Dello Stato(e)‡†	700bn	2002	10	(b)	101.75	Ist.Bc.San Pio.Torino	-
AUSTRALIAN DOLLARS							
St.Elc.Cmm.of Victoria(a)†	100	2003	11	10½	100.90	Hambros Bank	10.359
CANADIAN DOLLARS							
Republic of Austria†	250	2002	10	9⅛	101.46	Paribas Cap.Mkts.	8.899
The Mun.of Metro.Toronto†	125	2002	10	9⅝	100.725	RBC Dominion Secs.	9.509
Mobil Oil Canada†	150	1997	5	9	101.275	Goldman Sachs Intl.	8.675
LUXEMBOURG FRANCS							
CMB Finance†	1.5bn	1999	8	9¼	101.75	Kredietbank	8.903
Credit a L'industrie†	750	2000	8	9	102.00	Cregem Intl.	8.643

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. ♦Variable rate note. †Final terms. a) Conversion premium fixed at 2.51%. Put option 31/3/94 at 108.25% to yield 9.034%. b) Coupon payable semi-annually. Exercise premium fixed at 2.80%. Callable on 23/4/92 at 101%, declining ¼% semi-annually. c) Conversion premium fixed at 1.025% Put option 31/1/94 at 108.25% to yield 9.034%. Coupon payable semi-annually. d) Exercise premium fixed at 6.00% e) Coupon pays Libid less 20bp. Fungible with existing Lire 500bn issue. Non-callable. f) Fungible with existing £75m issue. Non-callable g) Fungible with existing £125m issue. Subordinated bond. Non-callable. h) Backed by an export contract with Bunge; A Swiss importer. i) Fungible with existing £100m bond Non-callabe. j) Coupon payable Semi-annually. Non-callable. k) Subordinated bond. Put option after 5 years to yield 50-75 basis points above the comparable US Treasury. Call option years 2-5 at par, if stock exceeds 150% of conversion price. Conversion premium fixed at 7%. l) Fungible with outstanding £100m issue. m) Fungible with outstanding 725m issue. n) Tranche A1. Average life 1.4Eyrs. Coupon pays 3month libor plus ⅜%, steps up to Libor plus ¾% from July 1995. Callable at par from July 1995. Backed by mortgages originated by UCB a subsidary of Bancaire. o) Tranche A2. Average life 5.01yrs. Coupon pays 3 month Libor plus ⅝%, steps up to Libor plus 1¼% from January 1998. Callable from January 1988 Callable from January 1998. Backed by mortgages originated by UCB a subsidary of Bancaire. p) Coupon payable semi-annually. Note: Yields calculated on ISMA basis.

The incredible shrinking banks

When you meet one stockbroker in the Square Mile who says he banks with the Woolwich, and the next you run into recommends the Northern Rock, you don't need second sight to guess that something is going on. Depositors are getting fed up with the British clearing banks, provoked by sloppy service and above all by ever-rising, arbitrary charges. Meanwhile, would-be borrowers are either turned down flat, or charged usurious rates; and old borrowers cut their spending to pay down debt.

For the banks, strapped for capital, these impositions make short-term sense, since they raise income while shrinking the balance sheet. The long-term effects will be far more important than a marketing windfall for the building societies and the Girobank. The flight from the banks will damp down whatever recovery we may hope to see, especially in asset values, and make Bank of England restraint largely redundant. This is not a transitory effect: the private sector squeeze could last as long as it takes, say, to let Canary Wharf.

On the positive side, it will open almost-forgotten opportunities for the capital markets. Rights issues will remain the big source of capital for expansion. Since big companies now have better credit ratings than their banks, the commercial paper market may grow to fill the major role it does in New York – where commercial banks' credit went ex-growth years ago – or now in Tokyo.

In the longer run, as slow growth reduces real interest rates to normal levels, it may even fulfil the Bank of England's long-cherished ambition to revive the corporate debenture market. All this suggests better times for brokers, but worse, surely, for investors.

The change will open up a whole new monetarist debate. Should analysts be Big Endians like Professor Congdon, and follow something really broad, like M4. This would follow the money as it moves out of the banks. Or do you prefer M2, which concentrates on banks, since it reflects the present funk in the banks, and will revive, in due course, with their confidence? Or is the Treasury's M0 the only reliable guide, since it alone distinguishes transactions from the pensioner's investments?

I have seen all these views in well-regarded brokers' circulars in the last week. This one will run and run.

* * *

These changes are intriguing, but they are the merest trivia compared with what may happen in Tokyo. The whole Japanese system, based on an extreme form of relationship banking, is now endangered, possibly fatally, as the cross-holdings become uncrossed. As David Hale of Kempers, the Chicago house, points out in a fascinating circular, this could make Japan just another short-termist stock market economy.

Japanese banks invested in shares to secure future loan business, and so demanded only growth. They are now selling their holdings to insurance companies, funds and individuals who demand profits and dividends – secondary considerations in Tokyo up to now. The turn may take some time to negotiate. Companies still have to refinance their convertible bond issues, so the cost of their existing capital will rise sharply, quite apart from expansion capital.

Small wonder that the Tokyo market remains demoralised while it works out these unfamiliar sums.

Meanwhile, the Japanese investor seems to be seeking high returns overseas. The insurance companies have been seen in the bond markets; funds and individuals may be attracted by equities. The flow has at any rate been enough to depress the yen despite the huge continuing current accounts surplus. It may remain week as the big manufacturing companies increase their direct foreign investment – notably in China, at the moment – where the prospective returns are greatest.

And what of all the warnings that the troubles of Tokyo banks would undermine capital markets everywhere else? Never, it seems at the moment, have so many got so much so wrong.

The danger, as Hale points out, is likely to emerge not from the collapse, but when the next Tokyo bull run begins; but to judge from the charts which have served so well till now, we may have some years to wait.

Anthony Harris

WORLD STOCK MARKETS

AUSTRIA

April 16	Sch	+ or −
Austrian Airlines	2,395	
Creditanstalt Pf	531	
EA General	3,610	
EVN	847	
Jungbunzlauer	14 020	..
OeMV	919	
Perlmooser Zement	1 645	
Radex Heraklith	582	
Reininghaus Brue	1,649	
Steyr Daimler	230	...
Veitscher Magnesit	359	
Verbund (Br) A	530	
Wienerberger	4,730	
Z-Laenderbank	1,052	

BELGIUM/LUXEMBOURG

April 16	Frs.	+ or −
ACEC-Union Min	2,200	
AG Group	2 030	
Arbed	3,970	
BBL	3 445	
Bank Intl a Lux	11,925	
Banq Gen Lux Pts	12,300	...
Barco	1 218	
Bekaert	12 400	
CBR Ciment	8 100	
Cobepa	5,070	..
Cobepa AFV 1	4 970	
Cockerill Priv	153	
Colruyt	4,720	
Delhaize Frs Lion	9 450	
Electrabel	4 915	
Electrabel AFV	4 890	
Electrafina ACT	2,545	
GBL	3,205	
GBL AFV 1	3,150	
GIB Group	1 380	....
GIB Group AFV	1,320	
Gechem	335	
Gechem AFV	364	
Generale Banque	6,470	
Gen Banque AFV1	6,450	
Gevaert	7,000	..
Kredietbank	4 905	....
Kredietbk AFV	4,850	...
Pan Holding Lux	13,500	
Petrofina	10,650	
Powerfin	2,505	
Powerfin AFV	2,500	
Royale Belge	4,440	
Royale Belge AFV 1	4,150	
Soc Gen Belge	2,070	
Soc Gen Belge AFV	1,985	
Sofina	11 800	..
Solvay	12,350	....
Tessenderlo	5 800	
Tessenderlo AFV	5,450	
Tractebel	7,700	..
Tractebel AFV 1	7,600	...
UCB	22,200	
UCB AFV	21 000	

DENMARK

April 15	Kr	+ or −
Baltica Holding Reg	677.50	...
Bikuben	280	
Carlsberg A	296	...
D/S 1912 A	91,000	..
Danisco	820	
Den Danske Bank	294.30	
East Asiatic	135	
FLS Ind B	678	..
Great Nordic	340	

FRANCE (continued)

April 16	Frs.	+ or −
Bongrain	2,903	
Bouygues	635	
CGIP	1,220	
C M B Packaging	190	
Canal+	1,121	
Cap Gemini S	330	
Carrefour	2 661	
Casino	166 90	
Cetelem	825	
Chargeurs	1,160	
Club Mediterranee	528	
Cogifi	340 10	
Coparex	605	
C C F	186	
Cr Fonc France	980	
Cred Lyon (CI)	654	
Credit Nationale	1,095	
Damart	2,400	
Docks de France	422 90	
Dollfus Mieg Cie	308	
EBF	900	
Eaux Cie Genl	2,330	
Ecco	465	
Elf-Aquitaine	379 70	
Elf-Aquitaine Certs	264	
Essilor Int	448	
Etex	2,094	
Eurafrance	1,583	
Eurocom	620	
Euro Disney	132	
Exor	1,443xd	
Finextel	122	
Fonc Lyonnaise	670	
From C et Auv	3,100	
GTM-Entrepose	412	
Gal. Lafayette	2 080	
Gaumont (Soc N)	602	
Geophysique	672	
Hachette	148	
Havas	505	
Imetal	344 90	
Imm de France	855	
Immobanque	664	
Immob Phenix	133 90	
Industrielle	7,300	
Interbail	450	
Intertechnique	811	
LVMH	4,230	
Lafarge Coppee	376	
L'Oreal	854	
Legrand	4,870	
Legris	420	
Lyonn Eaux Dumez	514	
Matra	162.60	
Merlin-Gerin	567	
Michelin B	185 50	
Moulinex	179.70	
Navigation Mixte	1,140	
Nord Est	112.30	
Orsan	261.10	
Paribas	403	
Paris Reescompte	259	
Pernod Ricard	1,589	
Perrier	1,700	
Peugeot	713	
Pinault	328	
Poliet	540	
Printemps (Au)	303	
Promodes	3,420	
Radiotechn	601	
Redoute	5 490	
Rhone Poulenc Cts	610	
Roussel-Uclaf	2,210	
SILIC	594	
Sagem	1,838	
Saint Gobain	572	
Saint Louis	1,284	

GERMANY (continued)

April 16	Dm.	+ or −
DLW	582	
Daimler-Benz	788	
Deckel (Fr)	140	
Degussa	345 50	
Deutsche Babcock	177 30	
Deutsche Bank	717 50	
Didier-Werke	152	
Douglas Hldg	682	
Dragerwerk	295	
Dresdner Bk	357 40	
Fag Kugelfischer	265	
Gerresheimer	366.50	

NETHERLANDS

April 16	Fls.	+ or −
A B N Amro Holding	46.10	
ACF Hld Dep Recs	33.80	
AEGON	130.30	
Ahold	86.30	
AKZO	150.30	
AMEV Dep Recs	54.70	
Bolt Lucas Dep Recs	47 80	
Borsumij W Ct DpRcs	62.80	
BuhrmannT Ct DpRcs	47.30	
CSM Dep Recs	97.30	
DAF	22.90	
DSM	106.50xd	
Dordtsche Petr	139 80	

SWEDEN (continued)

April 16	Kronor	+ or −
Incentive B Free	180	
Mo Och Dom B Free	235	
Nobel Free	17 50	
Procordia B Free	191	
Sandviken B Free	406	
Skandia Free	131	
Skan Enskilda C	50	
SKF B Free	108	
Stora Kopp B	296	
SCA B Free	109	
Sv.Handl.B Free	74	
Trelleborg B Free	124	
Volvo B Free	434	

CANADA

TORONTO

4:00 pm prices April 20

Sales	Stock	High	Low	Close	Chng
6000	CnPcForest	\$25½	25	25	−½
2000	Cara Op	500	d600	500	
1700	Cascades	\$7¼	7¼	7¼	
500	Celanese	\$45¾	45¾	45¾	−¼
1700	Cntrl Cap	25	d25	27	
2100	Cinepx Odn	350	345	345	−10
1400	Cntrl Fd A	440	435	436	−5
15700	Cominco	\$20	19⅞	20	+¼
4000	Coputsing	64	60	64	+9
100	Jannock	\$15⅞	15⅞	15⅞	−⅛
600	KerrAddis	\$16	15¾	16¾	−⅜
4100	Labatt	\$25⅞	25	25	−⅛
52000	Lac Mnls x	\$7¼	7⅛	7¼	
2800	Lafarge	u\$19¼	19⅛	19⅛	−⅛
1200	Laidlaw A	\$11¼	11⅛	11¼	−⅛
73100	Laidlaw B	\$11¼	11⅛	11⅛	−⅛
300	Laurent Bk	\$19⅞	19⅞	19⅞	+⅛
500	Reed Sten	\$21½	d21½	21½	−½
3300	Reitman S	\$18¼	18¼	18¼	
32100	Ren'sance	u\$14⅛	14	14	−⅛
34500	Repap Ent	465	455	465	+5
11900	Rio Algom	\$18	17⅞	18	+⅛
103100	RogersComB	\$13½	13¼	13¼	−¼
4000	Rothmans	\$94	94	94	
175100	RoyalBkCan x	\$24⅛	23⅞	24⅛	−⅛
102100	Ryl Oak Mn	162	150	162	−11

MONTREAL

4:00 pm prices April 20

Sales	Stock	High	Low	Close	Chng
118300	MacleanHun	\$12	12	12	
86100	NatBk Can	\$9⅛	8⅞	9	
1500	Provigo	\$8⅛	8⅛	8⅛	−⅛
1900	Quebecor A	\$13	13	13	
11600	Teleglobe	u\$12¼	12⅛	12⅝	
56600	Videotron	\$16½	16⅜	16½	

Total Sales 6,287,900 shares

INDICES

NEW YORK

DOW JONES

	Apr 20	Apr 16	Apr 15	Apr 14	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
‡Industrials	3336.31	3366.50	3353.76	3306.13	3366.50 (16/4)	3172.41 (2/1)	3366.50 (16/4/92)	41.22 (2/7/32)
Home Bonds	99.01	99.43	99.59	99.68	99.81 (6/2)	98.41 (20/3)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1371.64	1396.86	1395.74	1365.47	1467.68 (20/2)	1301.57 (8/4)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	208.63	210.13	207.81	205.18	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

‡Day's: High 3375.67 (3387.97) Low 3300.98 (3321.33)

STANDARD AND POOR'S

	Apr 20	Apr 16	Apr 15	Apr 14	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	410.18	416.04	416.28	412.39	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	487.56	495.44	496.40	491.73	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	33.93	34.33	34.42	34.36	35.14 (15/1)	32.40 (8/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	225.77	228.90	229.15	227.31	231.85 (15/1)	217.92 (8/4)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	387.08	392.64	394.16	392.14	418.99 (12/2)	380.90 (8/4)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	577.20	591.81	600.03	594.81	644.92 (12/2)	573.68 (8/4)	644.92 (12/2/92)	54.87 (31/10/72)

	Apr 10	Apr 3	Mar 27	year ago (approx.)
Dow Industrial Div Yield	2.85	2.85	2.86	3.45

	Apr 8	Apr 1	Mar 25	year ago (approx.)
S & P Industrial div. yield	2.70	2.64	2.62	2.88
S & P Indl. P/E ratio	27.95	28.56	28.78	17.95

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Galxo	3,250,300	26⅛	−⅞
Limited Inc	2,458,300	22¼	−2¼
RJR Nabisco	2,388,200	9½	−¼
Gen Motors	2,297,100	42⅝	+⅞
Ford Motor	2,158,600	43	+1⅛
Amer Express	2,076,000	22¼	−¼
Unisys Corp	1,991,000	10½	+⅜
Chrysler	1,988,700	19	+¼
Pacificorp	1,925,800	22	−⅛
GTE Corp	1,918,900	32⅛	+⅝

TRADING ACTIVITY

† Volume Millions	Apr 20	Apr 16	Apr 15
New York SE	191.910	232.480	228.360
Amex	11.147	15.479	13.153
NASDAQ	(u)	198.477	218.575
NYSE			
Issues Traded	2,230	2,239	2,228
Rises	474	817	1,101
Falls	1,268	901	639
Unchanged	488	521	488
New Highs	46	72	98
New Lows	28	14	21

CANADA

TORONTO

	Apr 20	Apr 16	Apr 15	Apr 14	1992 HIGH	1992 LOW
Metals & Minerals	2958.11	2953.02	2928.59	2928.66	3238.87 (16/1)	2828.26 (8/4)
Composite	3398.80	3415.09	3411.30	3412.60	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1790.64	1800.72	1796.45	1792.57	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr 20	Apr 17	Apr 16	Apr 15	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	(c)	(c)	1590.0	1580.6	1675.60 (15/1)	1545.30 (9/4)
All Mining (1/1/80)	(c)	(c)	695.6	692.8	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	(c)	(c)	417.32	413.42	458.57 (24/2)	372.24 (2/1)
Traded Index (2/1/91)	(c)	(c)	995.05	988.23	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	(c)	(c)	1196.17	1191.61	1234.72 (3/3)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	(c)	(c)	(c)	334.91	365.29 (15/1)	326.35 (9/4)
FINLAND						
HEX General (28/12/90)	(c)	(c)	(c)	801.8	935.90 (24/2)	778.30 (9/4)
FRANCE						
CAC General (31/12/82)	(c)	(c)	538.64	535.90	538.64 (16/4)	475.53 (2/1)
CAC 40 (31/12/87)	(c)	(c)	1978.21	1990.69	1993.88 (30/3)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	(c)	(c)	711.36	709.09	715.44 (3/3)	643.26 (8/1)
Commerzbank (1/12/53)	(c)	(c)	2005.6	1992.2	2026.70 (3/3)	1813.80 (8/1)
DAX (30/12/87)	(c)	(c)	1749.25	1743.79	1764.80 (5/3)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	(c)	5082.69	4986.11	5082.69 (16/4)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	(c)	(c)	1418.82	1415.32	1469.57 (17/1)	1346.61 (3/4)
ITALY						
Banca Com. Ital. (1972)	(c)	507.54	503.01	499.54	551.59 (6/2)	496.23 (9/4)
MIB General (2/1/92)	(c)	1008.0	991.0	983.0	1086.00 (5/2)	977.00 (30/3)
JAPAN						
Nikkei (16/5/49)	17071.36	17580.69	17959.76	17948.02	23801.18 (6/1)	16598.15 (9/4)
Tokyo SE (Topix) (4/1/68)	1292.69	1321.41	1337.37	1321.99	1763.43 (6/1)	1236.19 (9/4)
2nd Section (4/1/68)	1966.37	1978.98	1988.34	1963.52	2459.85 (6/1)	1910.56 (9/4)
MALAYSIA						
KLSE Composite (4/4/86)	572.46	575.75	575.83	568.19	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl Rtn.Gen.(End 1983)	(c)	(c)	299.9	298.5	299.90 (16/4)	274.00 (8/1)
CBS All Shr (End 1983)	(c)	(c)	210.2	209.4	210.20 (16/4)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	(c)	(c)	(c)	708.69	748.03 (17/1)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1176.22	(c)	(c)	1170.88	1303.30 (17/1)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	382.70	(c)	383.18	379.84	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	(c)	(c)	1029.0	1043.0	1327.00 (21/1)	1019.00 (16/4)
JSE Industrial (28/9/78)	(c)	(c)	4189.0	4183.0	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	587.81	587.72	587.33	578.11	691.48 (8/2)	569.65 (10/4)
SPAIN						
Madrid SE (30/12/85)	253.43	(c)	(c)	252.00	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	(c)	(c)	989.2	984.3	1009.70 (20/3)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(c)	(c)	830.1	829.4	830.10 (16/4)	748.50 (8/1)
SBC General (1/4/87)	(c)	(c)	652.7	653.2	653.20 (15/4)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4547.74	4503.22	4538.52	4439.66	5391.63 (30/1)	4405.44 (13/4)
THAILAND						
Bangok SET (30/4/75)	808.84	822.88	810.12	811.81	832.39 (7/4)	711.81 (3/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	(c)	(c)	492.7*	494.4	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	(c)	(c)	941.89	944.06	944.06 (15/4)	870.31 (2/1)

**Saturday April 18: Taiwan Weighted Price: 4537.81, Korea Comp Ex. 587.79.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday 20 April 1992

	Stocks Traded	Closing Prices	Change on day
Morinaga Milk	3.5m	717	-27
TEAC	3.0m	914	-58
Toshiba	1.9m	620	-10
Meiji Milk Pds	1.8m	728	-6
Hitachi	1.7m	823	-9
Nippon Carbon	1.7m	600	-66
Bk of Yokohama	1.6m	870	-11
Nippon Steel	1.4m	300	+3
Nomura Securs	1.4m	1310	-40
Indl Bank	1.3m	1730	-70

WORLD STOCK MARKETS

AMERICA

Dow retreats after rise in bond yields

Wall Street

AFTER three consecutive days of record-setting gains, US stock markets ran into heavy selling yesterday as investors reacted negatively to fresh declines in Tokyo and sharply higher bond yields at home, *writes Patrick Harverson in New York.*

The Dow Jones Industrial Average finished 30.19 down at 3,336.31, although about 20 points above a mid-afternoon low for the day. The Standard & Poor's 500 receded 5.86 to 410.19 and the Nasdaq composite of over-the-counter stocks dropped 15.52 to 576.29. Turnover on the New York SE came to 192m shares.

Early weakness had been expected, although the magnitude of the losses surprised many analysts. Most of last Thursday's gains were linked to the monthly expiration of stock index futures and options and had disguised the underlying soft tone in a market that looked overbought.

Another substantial drop in Tokyo share prices overnight, and a rise in US bond yields triggered by Friday's bullish housing data, exacerbated a downward trend established at the start by profit-taking.

The Dow's retreat would have been greater but for strength in Caterpillar, which rose $2¼ to $56 as investors continued to respond to the end of the union strike at the company, and Alcoa, up $1¼ at 77¾ on hopes that its earnings will recover alongside the economic rebound.

Otherwise, quarterly earnings continued to dominate sentiment among individual stocks and sectors. Chase Manhattan shed $¾ to $23½ after reporting a 20 per cent rise in first-quarter net income to $141m but also warning that loan-loss provisions would remain at relatively high levels for the foreseeable future.

Eli Lilly lost $2 to $69¾ after news of first-quarter profits of $442.6m, up from $388.6m at the same stage a year ago. The drug group also said it would acquire a majority interest in a German pharmaceutical company, pending approval from German anti-trust authorities.

Among entertainment stocks, Capital Cities/ABC dropped $10¾ to $457¼ on a decline in quarterly earnings to $41.7m. Time Warner shed $2¼ to $102⅞ after announcing a $60m multi-media deal with pop star Madonna.

Microsoft fell $9¼ to $118⅛ after warning that income growth will slow next year.

Canada

TORONTO stocks drifted lower in very light trade. The composite index ended 16.3 off at 3,398.8. Falls led rises by 308 to 164 on volume of 12m shares.

● South Africa was closed.

EUROPE

Madrid makes slight gain

THE Easter holiday meant that the majority of bourses remained closed yesterday.

MADRID finished higher. The general index gained 1.43 to 253.43 in low turnover of Pta4.12bn.

Union Fenosa, the day's most active stock, firmed Pta5 to Pta563 on 231,980 shares traded. Telefónica put on Pta10 to Pta1,110 in volume of 202,094 shares.

ISTANBUL lost ground, the 75-share index closing 53.67 or 1.36 per cent down at 3,896.57. Turnover was estimated at TL153.9bn, against TL203.8bn.

Eregli fell TL50 to TL3,200, Cukurova Elektrik lost TL200 to TL5,700 and Tupras declined TL250 to TL4,650.

Universe grows as investment black holes close

Sweden and Switzerland plan to liberalise the ownership of shares by foreigners, reports Peter Martin

Europe's universe of equity investment is expanding, with the planned removal of restrictions on foreign ownership of shares in Sweden and Switzerland.

The process is likely to be a jerky one, but in time the corporate sectors of two countries that add up to the equivalent of the world's ninth-biggest economy will be much more accessible to foreign capital.

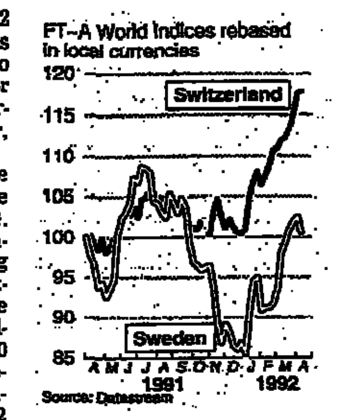
From July 1, Switzerland will implement a new business code that will prevent companies from refusing to register shares on the grounds that their owners are foreign.

In Sweden, rules in companies' articles of association that limit foreigners to 40 per cent of a company's capital or 20 per cent of its voting rights are due to vanish by the start of next year.

In both countries, there are obstacles to this liberalisation of share ownership. Swiss companies will still be free to impose limits on the size of stake that any shareholder can build – some are as low as 2 per cent. Swedish companies are asking the government to delay its proposed deadline for the abolition of foreign ownership restrictions by one year, to January 1, 1994.

Nevertheless, over time the impact of the reforms will be significant. A study by S.G. Warburg Securities, the London-based broker, of 13 big Swedish companies – accounting for roughly half of the country's total market capitalisation – suggests that only 40 per cent of their shares are theoretically accessible to foreigners. The figure is closer to 32 per cent in practice, since some of the ostensibly free shares are unlikely to move out of Swedish hands. If these big companies are any guide, the internationally available portion of Sweden's stock market capitalisation will treble once the reforms are complete.

In Switzerland, the portion of the market closed off to foreigners is more limited. At the end of the 1980s, for example,



Source: Datastream

registered shares constituted only a quarter of total market capitalisation.

Even if all registered shares had been closed to foreigners at that point – and some had already opened up – making them accessible would raise the portion of the Swiss stock market attainable by international buyers by no more than one third.

There may be unpleasant surprises on the way. International portfolio managers have not forgotten, for example, that when Nestlé decided to allow foreigners to buy its registered shares in 1988, the Swiss index of all such shares rose 9 per cent overnight, while that of bearer stock and participation certificates dropped by more than 4 per cent.

In Sweden, a typical company has two classes of shares: A shares usually have 10 times the voting power of B shares. Each category is subdivided into "free" and "restricted" shares, depending on whether they are open to foreigners or not.

In the 13 Swedish companies studied by Warburg, A shares represent 57 per cent of total capitalisation, but contain 91 per cent of the voting power. In some companies the difference is even more marked: Electrolux's A shares account for only 3 per cent of total share capital but hold 97 per cent of the votes.

Once the free/restricted distinction disappears, the difference between A and B shares may become more marked, say the Warburg analysts, particularly in those companies where there is a significant float of A shares. Investors will need to watch out, says Warburg: "There are instances where the removal of foreign ownership restrictions could actually lead to a deterioration rather than an improvement in the relative attractions of low-voting B shares."

In Switzerland, the Nestlé experience has led to an erosion of the premiums once enjoyed by bearer shares. Indeed, says Mr Hans Kaufmann of Bank Julius Bär in Zurich, there has really been only one sector where these premiums have still applied in recent years: insurance.

The assumption had been, until very recently, that insurance companies would not be covered by the opening of share registers, because they were affected by restrictions on foreign ownership of Swiss property assets.

Mr Kaufmann believes this assumption is unfounded. The property restriction is under review by the government, he says, and in time insurers will open their share registers.

Earlier this month, Schweizerische Lebensversicherung und Rentenanstalt, of Zurich, was the first insurer to remove all restrictions on ownership of its equity. Since then, Swiss insurers' registered shares have risen relative to bearers and participation certificates, as investors anticipate an opening-up.

The changes will ripple through the Swiss financial system over the next few years. The banks – in their role as stockbrokers – have already dropped their 30-year-old ban on handling foreigners' purchases of registered shares. The big banks themselves, however, remain immune from the changes: the equity of a bank with "Swiss" in its name must stay in local hands.

ASIA PACIFIC

Late program buy order leaves Nikkei above 17,000

Tokyo

ARBITRAGE unwinding amid quiet trading depressed share prices, and the Nikkei average briefly slipped below 17,000 in the last few minutes of trading before moving back above that level on a program buy order, *writes Emiko Terazono in Tokyo.*

The 225-issue average lost 509.33 or 2.9 per cent to 17,071.36. The index opened at the day's high of 17,548.07 and reached the session's low of 16,935.67 just before the close.

Volume fell to 200m shares from 300m. Foreign investors were absent due to the holidays, while domestic investors were inactive.

Declines overwhelmed advances by 890 to 123, with 118 issues unchanged. The Topix index of all first section stocks ended 28.72 or 2.2 per cent weaker at 1,292.69.

Selling by investment trusts and individuals was noted. Of the currently held Y3,000bn margin positions, some Y1,000bn are expected to expire this month, with the bulk due this week. Investors expect biotechnology issues, actively traded last autumn on margin, to be depressed on unwinding.

Meiji Milk Products, which surged last year on development of an anti-Aids drug, dipped Y8 to Y728, and Okamoto Industries, the leading condom maker, retreated Y60 to Y1,090.

Bank shares fell. Investors were discouraged by last week's comments from Mr *Alan Greenspan, US Federal* Reserve Board chairman, hinting that an easing of Bank of International Settlements' capital-to-asset rules was undesirable. Industrial Bank of Japan dropped Y70 to Y1,730 and Fuji Bank Y120 to Y1,310.

High-technology issues declined as foreigners, who have been leading buyers recently, were absent. Hitachi shed Y9 to Y823 and Sony Y70 to Y4,120.

Two chemical companies of the Mitsui group were initially sought on reports of a possible merger. However, Mitsui Toatsu Chemicals was finally Y4 down at Y356 and Mitsui Petrochemical Y10 off at Y610 after announcements that they had yet to discuss specific plans.

In Osaka, the OSE average fell 430.41 to 19,429.98 in volume of 6.1m shares. Turnover plunged to the lowest level since April 1958 as investors remained sidelined. Prices fell *across the board*, with Shimano, the bicycle maker, down Y70 to Y1,310 and Ono Pharmaceutical Y210 lower at Y5,200.

Roundup

MARKETS on the Pacific Rim were mixed yesterday, but Hong Kong, Australia and New Zealand were closed. Bombay was shut for the second day as brokers continued their protest against increased registration fees.

SEOUL was notable for a strong rally in small-capitalisation issues in response to the government's announcement that it would provide loans to help ease short-term debt.

The composite index edged up 0.02 to 587.81 in turnover of Won303.95bn or 25.57m shares, against 18.43m shares in Saturday's half-day session.

TAIWAN picked up in thin trade. The weighted index recovered 19.93 to 4,547.74 in turnover of T$11.66bn, after T$11.7bn during Saturday's half-day trading.

Analysts said investors have been concerned that the three-day programme of demonstrations staged by the Democratic Progressive Party, the country's largest opposition party, may cause disruption. The demonstrations, which end today, are appealing for a popular vote in 1993 on the election of the president.

Yangming Marine, which became listed yesterday, rose T$1.1 to T$17.1. The government has released 100m shares, 11 per cent of the state-owned group, to the public under the privatisation programme.

Construction and cement shares led the day's gains.

SINGAPORE closed slightly ahead in thin volume. The Straits Times Industrial index added 2.18 at 1,412.79 in volume of 23.21m shares.

MANILA gained ground, mainly because of a strong performance by Philippine Long Distance Telephone, which rose 20 pesos to 880 pesos. The composite index moved up 5.42 to 1,176.22 in turnover of 172.25m pesos.

Analysts said sentiment had improved following the release of a number of positive economic indicators.

KUALA LUMPUR's composite index declined 3.29 to 572.46 in volume of 21.3m shares worth M$55.1m, compared with 26.9m on Friday valued at M$59.4m.

Arab-Malaysian Finance was the most active stock with some 3.9m shares changing hands. It finished 52 cents ahead at M$3.52.

Genting lost 20 cents to M$11.50, while Malaysian Airline System, Malayan Banking and Tanjong slipped 10 cents each to M$6.80, M$7.70 and M$10.90 respectively.

BANGKOK weakened on news that opposition parties plan to protest at the selection of the new prime minister. The SET index fell 14.04 to 808.84 in turnover of Bt4.74bn.

Bangkok Land lost Bt9 to Bt170, while Krisda Mahanakorn, a leading property company, eased Bt2 to Bt234.

Siam Cement shed Bt4 to Bt550, Bangkok Bank Bt8 to Bt708, Thai Farmers Bank Bt10 to Bt502 and Siam Commercial Bank Bt16 to Bt752.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Thursday, April 16, 1992. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Afghanistan (Afghani)	99.25	56.7954	34.1065	42.5965
Albania (Lek)	87.825	50.2575	30.1804	37.6931
Algeria (Dinar)	38.7135	22.1536	13.3036	16.6152
Andorra (Fr Fr)	9.8425	5.6323	3.3823	4.2242
(Sp Peseta)	182.90	104.664	62.8522	78.4978
Angola (Kwanza)	972.00(1)	556.223	334.021	417.167
Antigua (E Carr $)	4.7425	2.7138	1.6297	2.0354
Argentina (Peso)	1.7300	0.9899	0.5945	0.7424
Aruba (Florin)	3.1440	1.7991	1.0804	1.3493
Australia (Aus $)	2.2935	1.3124	0.7881	0.9843
Austria (Schilling)	*20.525*	*11.7453*	*7.0532*	*8.809*
Azores (Port Escudo)	249.80	142.947	85.8419	107.21
Bahamas (Bahama $)	1.7475	1	0.6005	0.75
Bahrain (Dinar)	0.6650	0.3805	0.2285	0.2854
Balearic Is (Sp Peseta)	182.90	104.664	62.8522	78.4978
Bangladesh (Taka)	*63.00*	*36.0515*	*21.6494*	*27.0386*
Barbados (Barb $)	3.5330	2.0217	1.214	1.5163
Belgium (Belg Fr)	60.00	34.3347	20.6185	25.751
Belize (B $)	3.5130	2.0103	1.2072	1.5077
Benin (CFA Fr)	492.125	281.617	169.115	211.212
Bermuda (Bermudian $)	1.7475	1	0.6005	0.75
Bhutan (Ngultrum)	50.30	28.7839	17.2852	21.5879
Bolivia (Boliviano)	6.6835	3.8246	2.2967	2.8684
Botswana (Pula)	3.8035	2.1765	1.307	1.6324
Brazil (Cruzeiro)	3873.85	2216.8	1331.22	1662.6
Brunei (Brunei $)	2.9065	1.6626	0.9984	1.2469
Bulgaria (Lev)	32.24	18.4492	11.079	13.8369
Burkina Faso (CFA Fr)	492.125	281.617	169.115	211.212
Burma (Kyat)	10.9542	6.2684	3.7643	4.7013
Burundi (Burundi Fr)	345.65	197.797	118.78	148.348
Cambodia (Riel)	1229.55	703.605	422.526	527.704
Cameroon (CFA Fr)	*492.125*	*281.617*	*169.115*	*211.212*
Canada (Canadian $)	2.0645	1.1814	0.7094	0.886
Canary Is (Sp Peseta)	182.90	104.664	62.8522	78.4978
Cp Verde (CV Escudo)	118.90	68.04	40.8591	51.03
Cayman Is (CI $)	1.4580	0.8343	0.501	0.6257
Cent.Afr. Rep (CFA Fr)	492.125	281.617	169.115	211.212
Chad (CFA Fr)	492.125	281.617	169.115	211.212
Chile (Chilean Peso)	601.05	343.948	206.546	257.961
China (Renminbi Yuan)	9.6997	5.5506	3.3332	4.1629
Colombia (Col Peso)	1087.55	622.346	373.729	466.76
Comoros (CFA Fr)	492.125	281.617	169.115	211.212
Congo (Brazz) (CFA Fr)	492.125	281.617	169.115	211.212
Costa Rica (Colon)	234.05	133.934	80.4295	100.451
Côte d'Ivoire (CFA Fr)	492.125	281.617	169.115	211.212
Cuba (Cuban Peso)	1.3305	0.7613	0.4572	0.571
Cyprus (Cyprus £)	0.8205	0.4695	0.2819	0.3521
Czechoslovakia (Koruna)	51.27c	29.339	17.6185	22.0042
	49.44t	28.2918	16.9896	21.2188
Denmark (Danish Kroner)	11.2850	6.4577	3.878	4.8433
Djibouti Rep (Djib Fr)	308.00	176.252	105.842	132.189
Dominica (E Carrib $)	4.7425	2.7138	1.6297	2.0354
Dominican Rep (D Peso)	22.3425	12.7854	7.6778	9.589
Ecuador (Sucre)	2333.20o	1335.16	801.787	1001.37
	2413.15a	1380.92	829.261	1035.69
Egypt (Egyptian £)	5.8095	3.3244	1.9963	2.4933
El Salvador (Colon)	14.1270	8.0841	4.8546	6.063
Equat'l Guinea (CFA Fr)	492.125	281.617	169.115	211.212
Ethiopia (Ethiopian Birr)	3.6045	2.0626	1.2386	1.5469
Falkland Is (Falk £)	1.00	0.5722	0.3436	0.4291
Faroe Is (Danish Kroner)	11.2850	6.4577	3.878	4.8433
Fiji Is (Fiji $)	2.6255	1.5024	0.9022	1.1268
Finland (Markka)	*7.9400*	*4.5436*	*2.7285*	*3.4077*
France (Fr)	9.8425	5.6323	3.3823	4.2242
Fr. Cty/Africa (CFA Fr)	492.125	281.617	169.115	211.212
Fr. Guiana (Local Fr)	9.8425	5.6323	3.3823	4.2242
Fr. Pacific Is (CFP Fr)	178.00	101.86	61.1683	76.3948
Gabon (CFA Fr)	492.125	281.617	169.115	211.212
Gambia (Dalasi)	15.8175	9.0515	5.4355	6.7886
Germany (D-Mark)	2.9100	1.6652	1	1.2489
Ghana (Cedi)	710.75	406.724	244.244	305.043
Gibraltar (Gib £)	1.00	0.5722	0.3436	0.4291
Greece (Drachma)	340.25	194.707	116.924	146.03
Greenland (Danish Krone)	11.2850	6.4577	3.878	4.8433
Grenada (E Carr $)	4.7425	2.7138	1.6297	2.0354
Guadaloupe (Local Fr)	9.8425	5.6323	3.3823	4.2242
Guam (US $)	1.7475	1	0.6005	0.75
Guatemala (Quetzal)	8.9785	5.1379	3.0853	3.8534
Guinea (Fr)	1426.80	816.481	490.309	612.361
Guinea-Bissau (Peso)	8782.50	5025.75	3018.04	3769.31
Guyana (Guyanese $)	218.35	124.95	75.0343	93.7124
Haiti (Gourde)	8.7825	5	3.018	3.7693
Honduras (Lempira)	9.6825	5.5407	3.3273	4.1555
Hong Kong (HK $)	13.5115	7.7319	4.6431	5.7989
Hungary (Forint)	140.90	80.6294	48.4192	60.4721
Iceland (Icelandic Krona)	*105.05*	*60.1144*	*36.0996*	*45.0858*
India (Indian Rupee)	50.30	28.7839	17.2852	21.5879
Indonesia (Rupiah)	3553.35	2033.39	1221.08	1525.04
Iran (Rial)	2541.0v	1454.08	873.196	1090.56
	117.05o	66.9814	40.2233	50.236
Iraq (Iraqi Dinar)	*0.5936*	0.3396	*0.2039*	*0.2547*
Irish Rep (Punt)	1.0920	0.6248	0.3752	0.4686
Israel (Shekel)	4.20	2.4034	1.4432	1.8025
Italy (Lira)	2189.25	1252.79	752.32	939.592
Jamaica (Jamaican $)	48.3040	27.6417	16.5993	20.7513
Japan (Yen)	233.00	133.333	80.0687	100
Jordan (Jordanian Dinar)	1.1990	0.6861	0.412	0.5145
Kenya (Kenya Shilling)	53.3275	30.5164	18.3256	22.8873
Kiribati (Australian $)	2.2935	1.3124	0.7881	0.9843
Korea North (Won)	3.6030	2.0618	1.2381	1.5463
Korea South (Won)	1369.95	783.948	470.773	587.961
Kuwait (Kuwaiti Dinar)	0.5151	0.2947	0.177	0.221
Laos (New Kip)	1247.10	713.648	428.557	535.236
Lebanon (Lebanese £)	2592.60	1483.61	890.928	1112.7
Lesotho (Maluti)	5.0390	2.8835	1.7316	2.1626
Liberia (Liberian $)	1.7475	1	0.6005	0.75
Libya (Libyan Dinar)	0.4965	0.2841	0.1706	0.213
Liechtenstein (Swiss Fr)	2.6975	1.5436	0.9269	1.1577
Luxembourg (Lux Fr)	60.00	34.3347	20.6185	25.751
Macao (Pataca)	*14.0645*	*8.0483*	*4.8331*	*6.0362*
Madagascar (MG Fr)	3152.90	1804.23	1083.47	1353.18
Madeira (Port Escudo)	249.80	142.947	85.8419	107.21
Malawi (Kwacha)	5.7130	3.2692	1.9632	2.4519
Malaysia (Ringgit)	4.4540	2.5487	1.5305	1.9115
Maldive Is (Rufiya)	17.5475	10.0414	6.03	7.5311
Mali Rep (CFA Fr)	492.125	281.617	169.115	211.212
Malta (Maltese £)	0.5695	0.3258	0.1957	0.2444
Martinique (Local Fr)	9.8425	5.6323	3.3823	4.2242
Mauritania (Ouguiya)	142.80	81.7167	49.0721	61.2875
Mauritius (Maur Rupee)	28.10	16.0801	9.6563	12.06
Mexico (Mexican Peso)	5278.50	3020.6	1813.92	2265.45
Miquelon (Local Fr)	9.8425	5.6323	3.3823	4.2242
Monaco (French Fr)	9.8425	5.6323	3.3823	4.2242
Mongolia (Tugrik)	70.260	40.206	24.1443	30.1545
Montserrat (E Carr $)	4.7425	2.7138	1.6297	2.0354
Morocco (Dirham)	15.1655	8.6783	5.2115	6.5087
Mozambique (Metical)	3814.55	2182.86	1310.84	1637.15
Namibia (S A Rand)	5.0390	2.8835	1.7316	2.1626
Nauru Is (Australian $)	2.2935	1.3124	0.7881	0.9843
Nepal (Nepalese Rupee)	81.9055	46.8701	28.1462	35.1525
Netherlands (Guilder)	3.2775	1.8755	1.1262	1.4066
N'nd Antilles (A/Guilder)	3.1440	1.7991	1.0804	1.3493
New Zealand (NZ $)	3.2165	1.8406	1.1053	1.3804
Nicaragua (Gold Cordoba)	8.7825	5.0257	3.018	3.7693
Niger Rep (CFA Fr)	492.125	281.617	169.115	211.212
Nigeria (Naira)	32.4075	18.45	11.1365	13.9087
Norway (Nor. Krone)	11.4100	6.5293	3.9209	4.8969
Oman (Rial Omani)	0.6798	0.389	0.2336	0.2917
Pakistan (Pak. Rupee)	*43.00*	*24.6065*	14.7766	18.4549
Panama (Balboa)	1.7475	1	0.6005	0.75
Papua New Guinea (Kina)	1.6810	0.9619	0.5776	0.7214
Paraguay (Guarani)	2532.55	1449.24	870.292	1086.93
Peru (New Sol)	1.83	1.0472	0.6288	0.7854
Philippines (Peso)	42.00	24.0343	14.4329	18.0257
Pitcairn Is (£ Sterling)	1.00	*0.5722*	*0.3436*	*0.4291*
(NZ $)	3.2165	1.8406	1.1053	1.3804
Poland (Zloty)	24051.0	13763.1	8264.95	10322.3
Portugal (Escudo)	249.80	142.947	85.8419	107.21
Puerto Rico (US $)	1.7475	1	0.6005	0.75
Qatar (Riyal)	6.4175	*3.6723*	2.2053	2.7542
Reunion Is. de la (F/Fr)	9.8425	5.6323	3.3823	4.2242
Romania (Leu)	348.96q	199.691	119.918	149.768
Rwanda (Fr)	215.15	123.119	73.9347	92.339
St Christopher (E Carr $)	4.7425	2.7138	1.6297	2.0354
St Helena (£)	1.00	*0.5722*	*0.3436*	*0.4291*
St Lucia (E Carr $)	4.7425	2.7138	1.6297	2.0354
St Pierre (French Fr)	9.8425	5.6323	3.3823	4.2242
St Vincent (E Carr $)	4.7425	2.7138	1.6297	2.0354
San Marino (Italian Lira)	2189.25	1252.79	752.32	939.592
Sao Tome (Dobra)	421.55	241.23	144.863	180.923
Saudi Arabia (Riyal)	6.5815	3.7662	2.2616	2.8246
Senegal (CFA Fr)	492.125	281.617	169.115	211.212
Seychelles (Rupee)	9.00	5.1502	3.0927	3.8626
Sierra Leone (Leone)	755.30	432.217	259.553	324.163
Singapore ($)	2.9055	1.6626	0.9984	1.2469
Solomon Is ($)	*4.9790*	2.8492	*1.7109*	*2.1369*
Somali Rep (Shilling)	4602.05	2633.51	1581.46	1975.13
South Africa (Rand)	5.0390c	2.8835	1.7316	2.1626
	5.8675g	3.3576	2.0163	2.5182
Spain (Peseta)	182.90	104.664	62.8522	78.4978
Spanish Ports in N Africa (Sp Peseta)	182.90	104.664	62.8522	78.4978
Sri Lanka (Rupee)	73.00	41.7739	25.0859	31.3304
Sudan Rep (£)	158.10	90.4721	54.3298	67.854
Surinam (Guilder)	3.1355	1.7942	1.0774	1.3457
Swaziland (Lilangeni)	5.0390	2.8835	1.7316	2.1626
Sweden (Krona)	10.5375	6.03	3.6211	4.5225
Switzerland (Fr)	2.6975	1.5436	0.9269	1.1577
Syria (£)	35.5690	20.3542	12.223	15.2656
Taiwan ($)	44.15	25.2646	15.1718	18.9484
Tanzania (Shilling)	506.30	289.728	173.986	217.296
Thailand (Baht)	44.75	*25.608*	*15.378*	*19.206*
Togo Rep (CFA Fr)	492.125	281.617	169.115	211.212
Tonga Is (Pa Anga)	2.2935	1.3124	0.7881	0.9843
Trinidad/Tobago ($)	7.4650	4.2718	2.5652	3.2038
Tunisia (Dinar)	1.6265	0.9307	0.5589	0.698
Turkey (Lira)	*11026.61*	6309.93	3789.21	4732.45
Turks & Caicos (US $)	1.7475	1	0.6005	0.75
Tuvalu (Australian $)	2.2935	1.3124	0.7881	0.9843
Uganda (New Shilling)	2034.90	1164.46	699.278	873.348
U A E (Dirham)	6.4450	3.6881	2.2147	2.766
United Kingdom (£)	1.00	0.5722	0.3436	0.4291
United States (US $)	1.7475	1	0.6005	0.75
Uruguay (Peso)	4916.00	2813.16	1689.35	2109.87
USSR (Rouble)	1.0017o	0.5732	0.3442	0.4299
	174.30m	99.7424	59.8969	74.8068
Vanuatu (Vatu)	196.80	*112.618*	67.6288	84.4635
Vatican (Lira)	2189.25	1252.79	752.32	939.592
Venezuela (Bolivar)	105.90	60.6008	36.3917	45.4506
Vietnam (Dong)	19971.40	11428.6	6863.02	8571.42
Virgin Is-British (US $)	1.7475	1	0.6005	0.75
Virgin Is-US (US $)	1.7475	1	0.6005	0.75
Western Samoa (Tala)	4.2715	2.4443	1.4678	1.8332
Yemen (Rep of) (Rial)	22.7465	13.0165	7.8166	9.7624
Yemen (Rep of) (Dinar)	0.8168	0.4674	0.2806	0.3505
Yugoslavia (Dinar)	581.25	332.618	199.742	249.464
Zaire Rep (Zaire)	299640.0	171468	*102969*	128601
Zambia (Kwacha)	234.50	134.192	80.5841	100.644
Zimbabwe ($)	8.9320	5.1113	3.0694	3.8334

Special Drawing Rights April 15, 1992 United Kingdom £0.777192 United States $1.37120 Germany D Mark 2.26591 Japan Yen182.575
European Currency Unit Rates April 16, 1992 United Kingdom £0.703748 United States $1.23613 Germany D Mark 2.05013 Japan Yen164.777

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate; (1) Angolan Kwanza devalued by 69%.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Thursday, April 16, 1992

CONTRACTS & TENDERS

NOTICE OF PREQUALIFICATION
NATIONAL CRESCENT PETROLEUM LIMITED
KARACHI - PAKISTAN

NOTICE INVITING OFFERS FOR PREQUALIFICATIONS OF VENDORS FOR THE SUPPLY OF CRITICAL PROCESS EQUIPMENT/ITEMS FOR A HYDROCRACKER PROJECT UNDER A PROPOSED WORLD BANK LOAN TO THE GOVERNMENT OF PAKISTAN

National Crescent Petroleum Limited (NCPL), a private sector joint venture company between Crescent Refining and Marketing Company Limited of Sharjah, United Arab Emirates and State Petroleum Refining & Petrochemical Corporation (Pvt) Limited (PERAC) of Pakistan, intends to establish a hydrocracker complex in Karachi, Sindh province. The project would involve the designing, building financing, owning and operating a hydrocracker complex to process about 1.6 million tons of locally produced residual fuel oil into 1.5 million tons per year of higher value middle distillates and sulphur. The products produced by NCPL, consisting primarily of kerosene, high speed diesel and furnace oil, would be primarily sold to the local market, with some exports. Major units of the plant are the vacuum distillation unit, visbreaker, hydrocracker, hydrogen generation unit, amine treater and the sulphur recovery unit.

As the Project represents a major private sector initiative, the financing for the project would be raised on the basis of limited recourse project finance. NCPL would initiate a competitive bidding process in June/July 1992, using a list of prequalified vendors, to select a general turnkey contractor from a shortlist of pre-screened bidders to carry out the detailed engineering design, procurement, construction, equipment installation, and plant commissioning under a date-certain lump-sum fixed-price turn-key construction contract. Proceeds from a proposed World Bank loan to the Government of Pakistan (GOP) in the form of a project finance facility, established by GOP to provide partial financing to eligible private sector energy projects in Pakistan, would finance upto 30% of the total cost of the project and would apply towards the procurement of critical equipments and process items as listed below.

(1) High Pressure Reactors/Pressures Vessels and Drums.

(2) Fractionating/absorption/stripping tower columns.

(3) Vessels & tower internals such as trays, demisters, flow distribution and heat recovery units.

(4) *Heat Exchangers such as shell and tube type, air coolers, reboilers etc.*

(5) High pressure boilers and waste heat boiler upto 60 bar g.

(6) Furnaces for charge heater, hydrocracker heater, steam hydrocarbon reformer, sulphur and incinerators.

(7) Compressors all types for air, hydrogen and hydrocarbon gases.

(8) Fans and Blowers particularly for high temperature duty and corrosive gases applications including ID and FD fans.

(9) Pumps centrifugal, reciprocating, gear proportioning types for various applications such as light and heavy hydrocarbon, chemicals, dosing molten sulphur and boiler feed water.

(10) Miscellaneous equipment such as hydrogen purification (PSA) system steam ejectors, filters, strainer, chemical feed system and liquid nitrogen storage vessels, fire fighting equipment, flame arrestors, silencers, hydrocarbon/acid gas flares, LPG storage spheres, TEL blending plant.

(11) Valves: Forged valves, butterfly valves, globe valves, gate valves, plug and multiport plug valves, ball valves etc..

(12) Piping Materials, longitudinal seam pipes and seamless pipes in stainless steel, carbon steel and killed carbon steel and alloys. Cast iron pipe and fittings, but welded fitting, flanges, steam traps, gaskets bolts and stud bolts and expansion joints.

(13) Electrical items for standby and bass load power generation, high tension motors, explosion proof/flame proof motors, motor control systems, power distribution equipment, transformers, uninterrupted power system, HT cables.

(14) *Instruments : distributed control systems/operator console and field control panel. Process data management system,* communication system, board instrument, annunciator, controllers, converter, and transmitters. Control valves, Relief valves solenoid valves, flow/temperature/pressure/level/humidity meters, gauges and sensors. Tank gauging system.

(15) Analysers : Analysers for hydrogen/oxygen/moisture/flash point/viscosity/raid vapour pressured/pour point/gas chromatography and conductivity meters. Analysers suitable for laboratory and on-line applications.

Equipment suppliers from World Bank-eligible countries who have previous experience with the supply of similar equipment are invited to prequalify for one or more of the equipment items listed above. Evaluations would be based on the firm's relevant experience and financial standing. Joint ventures between foreign and local vendors are encouraged but not mandatory. For this purpose, NCPL has prepared the necessary Prequalification Documents for delivery to interested equipment vendors. The Prequalification Documents would include all the information needed for the interested parties to prepare their prequalification applications including instructions for *application, evaluation criteria, the scope of work they would be required to undertake,* and technical specifications in sufficient detail for the applicant to have a clear idea of what they would be required to supply.

Interested vendors would be required to submit in English language the items/sub-items they can supply plus technical data and warranties, anticipated delivery periods and schedules for furnishing technical data and certified drawings after award of contract; experience with comparable supplied for plants similar to the above and a list of customers using and operating all the equipment for the past three years; time required to prepare proposals; a list of components usually subcontracted and availability of after sales services and spares in Pakistan; description of capacity and range of manufacturing facilities; indicating number of employees and expiry date of present labour agreements; scheduled shop load as percentage of total capacity for 1990 and 1991 on quarterly basis; and the latest annual reports and financial statements.

NCPL reserves the right to verify all statements and inspect vendors facilities to confirm their capability to perform the work and reserves the right to reject any prospective vendor without assigning reasons therefor. When invitations to bid are sent to qualified bidders, NCPL may state limitations under which some or all bidders can present their bids or ask for additional information related to the specific types of equipment needed. No further correspondence will be entertained for non-selection of a vendor.

Those interested in being included in the list of qualified vendors for the supply of the above goods against the categories shown may apply for registration to NCPL, at the contact persons shown below. Vendors are requested to submit required information in *quadruplicate within 30 days after publication of this advertisement to:*

(1) two copies
M.A. Alvie
Vice President
Crescent Refining and Marketing Company Limited
Crescent Petroleum Building
King Faisal Street
P.O. Box 2222
Sharjah, United Arab Emirates
Telephone: 9716 543 000
Telefax : 9716 542 000
Telex : *68015 CRESPT EM*

(2) two copies
Technical Coordinator
National Crescent Petroleum Limited
2nd Floor, Karim Chambers Annexe
Merewether Road
P.O. Box 8548
Karachi
Pakistan
Telephone: 9221 5683152
Telefax : 9221 5680615
Telex : 24794 NPL PK

NOMURA ASIAN INFRASTRUCTURE FUND SICAV

6, avenue Emile Reuter
LUXEMBOURG

R.C. Luxembourg B34248

Notice is hereby given to the shareholders, that the

ANNUAL GENERAL MEETING of shareholders of NOMURA ASIAN INFRASTRUCTURE FUND will be held at the registered office on Monday 4th May 1992, at 10:00 a.m. with the following agenda:

1. Submission of the reports of the board of directors and of the auditor.
2. Approval of the annual accounts and of the statement of operations as at December 31st, 1991; appropriation of the results.
3. Discharge of the directors.
4. Statutory appointments.
5. Miscellaneous.

The shareholders are advised that no quorum is required for the items on the agenda of the annual general meeting and that decisions will be taken on simple majority of the shares present or represented at the meeting.

In order to attend the meeting of NOMURA ASIAN INFRASTRUCTURE FUND SICAV the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the company or with NOMURA BANK (LUXEMBOURG) S.A., 6 avenue Emile Reuter, Luxembourg.

The Board of Directors

US COMMODITIES PRICES

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	336.9	337.4	337.4	336.3
May	337.0	337.5	0	0
Jun	337.7	338.3	339.1	336.9
Aug	339.7	340.2	341.1	338.9
Oct	341.7	342.1	341.4	341.1
Dec	343.8	344.2	345.0	343.4
Feb	346.2	346.5	0	0
Apr	348.5	348.9	0	0
Jun	351.2	351.5	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	338.7	343.1	346.0	338.5
Jul	338.7	344.1	344.5	337.0
Oct	342.2	347.6	345.0	342.0
Jan	341.7	348.1	349.0	344.0
Apr	343.2	349.6	349.0	349.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	396.3	396.7	392.0	392.0
May	396.8	397.3	399.0	392.0
Jun	398.4	398.9	0	0
Jul	400.0	400.4	402.0	395.0
Sep	403.4	403.8	404.0	399.0
Dec	*408.3*	*408.7*	*411.0*	*404.0*
Jan	410.0	410.4	0	0
Mar	413.8	414.2	414.5	412.0
May	417.8	418.2	0	0
Jul	421.8	422.1	423.0	422.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	98.55	98.95	98.75	98.55
May	98.55	98.95	99.10	98.35
Jun	98.75	99.20	99.00	98.50
Jul	98.90	99.45	99.50	98.70
Aug	99.10	99.60	99.25	99.25
Sep	*99.30*	*99.80*	*99.80*	*99.20*
Oct	99.30	99.80	0	0
Nov	99.30	99.80	0	0
Dec	99.30	99.86	99.85	99.30
Jan	99.20	99.55	99.60	99.60

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
May	20.24	20.21	20.26	20.05
Jun	20.43	20.38	20.44	20.20
Jul	20.45	20.41	20.46	20.24
Aug	20.42	20.38	20.44	20.20
Sep	20.36	20.32	20.34	20.22
Oct	20.31	20.27	20.28	20.21
Nov	20.26	20.22	20.19	20.13
Dec	20.22	20.18	20.24	20.10
Jan	20.14	20.09	0	0
Feb	20.07	20.02	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
May	5867	5845	5870	5570
Jun	5601	5579	5605	5520
Jul	5577	5567	5590	5520
Aug	5657	5617	5660	5590
Sep	5772	5732	5750	5695
Oct	5872	5832	5840	5795
Nov	*5962*	*5922*	*5930*	*5915*
Dec	6052	6012	5980	5960
Jan	6072	6032	6040	6035
Feb	5967	5927	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	915	910	919	910
Jul	963	959	970	960
Sep	1004	997	1007	1000
Dec	1055	1048	1057	1051
Mar	1097	1090	0	0
May	1128	1121	0	0
Jul	1158	1150	1165	1165
Sep	*1188*	*1180*	*1180*	*1193*
Dec	1226	1207	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	63.75	63.25	64.25	63.00
Jul	66.05	65.55	66.60	65.40
Sep	68.40	68.00	68.90	68.10
Dec	71.75	71.30	72.40	71.75
Mar	76.00	75.15	76.20	75.75
May	78.40	77.60	78.25	78.25
Jul	80.40	79.75	0	0
Sep	*83.50*	*82.25*	*0*	*0*

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	9.48	9.69	9.67	9.48
Jul	9.22	9.35	9.40	9.18
Oct	8.74	8.86	8.86	8.72
Mar	8.67	8.77	8.79	8.66
May	8.65	8.74	0	0
Jul	8.68	8.77	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	57.30	57.15	57.35	56.70
Jul	59.33	59.24	59.35	58.75
Oct	61.15	61.30	61.30	60.70
Dec	61.78	61.90	61.90	61.35
Mar	63.05	63.15	63.10	62.95
May	63.58	63.70	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	136.60	137.05	137.00	135.40
Jul	132.10	133.25	133.00	131.00
Sep	124.60	125.70	126.00	123.50
Nov	118.25	119.60	120.00	118.25
Jan	118.25	119.55	119.50	118.75
Mar	118.25	119.55	119.50	118.25
May	118.25	119.55	0	0
Jul	118.25	119.55	0	0
Sep	118.25	119.55	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	579/4	575/2	580/2	574/6
Jul	586/6	583/0	586/0	582/2
Aug	590/6	587/2	591/6	586/4
Sep	594/0	590/6	595/2	590/0
Nov	600/4	597/6	601/4	596/4
Jan	608/4	606/4	610/0	605/0
Mar	617/2	616/0	0	0
May	624/0	622/2	626/0	623/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	19.45	19.49	19.55	19.40
Jul	19.72	19.77	19.86	19.70
Aug	19.88	19.93	20.00	19.86
Sep	20.04	20.08	20.12	20.02
Oct	20.18	20.21	20.25	20.18
Dec	20.48	20.53	20.55	20.45
Jan	20.62	20.65	0	0
Mar	20.88	20.91	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	176.7	174.9	177.0	176.0
Jul	179.1	177.8	179.5	177.8
Aug	180.3	178.9	180.5	178.9
Sep	181.3	180.2	181.8	180.0
Oct	196.8	196.2	198.0	197.6
Dec	199.0	196.6	199.6	195.6
Jan	199.7	196.2	200.0	196.8
Mar	199.5	198.5	199.6	199.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	255/2	253/4	255/4	253/0
Jul	260/2	258/4	260/4	258/4
Sep	256/6	255/2	257/0	255/2
Dec	256/0	254/4	256/2	254/4
Mar	263/4	262/0	263/6	262/0
May	267/4	266/4	268/0	266/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	369/0	362/6	369/0	364/4
Jul	359/0	354/6	359/0	355/2
Sep	362/0	359/0	362/0	359/6
Dec	369/4	366/2	369/4	367/4
Mar	367/4	367/0	368/4	367/2
May	358/0	358/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	*Previous*	*High/Low*	
Apr	77.725	77.875	77.800	77.425
Jun	73.475	73.200	73.550	72.900
Aug	69.300	69.075	69.350	68.700
Oct	*69.575*	*69.125*	*69.650*	*68.800*
Dec	69.700	69.375	69.750	69.050
Feb	68.975	68.800	69.000	68.750

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	*43.775*	*43.325*	*43.825*	*43.100*
Jun	47.925	47.900	48.050	47.200
Jul	45.950	45.550	46.050	45.325
Aug	43.900	43.775	44.050	43.625
Oct	40.750	40.475	40.800	40.400
Dec	42.925	42.750	43.000	42.625
Feb	43.850	43.650	43.950	43.500

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	35.025	34.100	35.150	34.100
Jul	34.975	34.075	35.000	34.050
Aug	33.150	32.550	33.400	32.625
Feb	42.950	42.925	42.950	42.100
Mar	41.700	41.550	41.700	0
May	42.350	42.300	42.350	0

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AUTHORISED UNIT TRUSTS

Marks & Spencer Unit Trust Ltd (1200)F

PO Box 410, Chester X, CH99 9QG 0244 680066

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
M & S Inv P'folio	5½	114.8	115.1	123.0	3.15	46595
Do Accum	5½	124.6	125.0	133.6	3.15	46596
UK Sel P'folio	5½	97.99	98.74	105.6	4.75	47804
Do Accum	5½	106.1	106.9	114.3	4.75	47805

National Provident Inv Mgrs Ltd (1400)H

48 Gracechurch St, EC3P 3HH 071-623 4200

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
NPI American Acc ♥	5	81.44	81.92	87.15	0.74	41103
NPI American Dist ♥	5	75.48	75.93	80.78	0.74	46660
NPI European Acc	5	72.11	72.61	77.24	0.08	41104
NPI European Dist	5	69.98	70.45	74.95	0.08	46661
NPI Far East Acc ♥	5	100.2	100.9	107.4	0.64	41105
NPI Far East Dist ♥	5	98.8	99.5	105.8	0.64	46662
NPI Global Dist	5½	54.67	54.91	58.73	3.96	41935
NPI O'seas Acc	5	899.7	905.7	963.5	0.94	41107
NPI O'seas Dist	5	696.4	701.1	745.8	0.94	41106
NPI UK Acc	5	518.7	522.4	555.7	3.97	41109
NPI UK Dist	5	281.4	283.3	301.4	3.97	41108
NPI Extra Inc Dist	5½	56.08	56.54	60.47	4.67	41936

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H

45 Charlotte Sq Edinburgh 031-226 3271

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
American ♥	5	290 6	290 6	309 9	0 74	41410
(Accum Units) ♥	5	342 0	342 0	364 8	0 74	41411
British	5	822 2	838 6xd	887 2	5 63	41416
(Accum Units)	5	1378 8	1406 3	1487 8	5 63	41417
European	5	334 9	334 9	355 5	1 42	41418
(Accum Units)	5	363 0	363 0	385 4	1 42	41419
Japan	5	93 45	93 45	99 47	-	41420
(Accum Units)	5	94 20	94 20	100 3	-	41421
New Pacific	5	196 5	196 5	209 7	1 66	44386
(Accum Units)	5	201 8	201 8	215 4	1 66	47994
PEP Apr 15	5	154 7	156 5	165 2	3 71	47588
Mngd Equity	5	127 7	129 0	136 5	2 79	47586
Mngd Equity Acc	5	135 5	136 9	144 8	2 79	40866
Mngd Cash	0	95 66	95.66xd	95 66	9 87	47585
(Accum Units)	0	120 1	120 1	120 1	9 87	40267
Majority Stlg	1	99 74	99 74xd	100 73	9 41	42703
Majority Stlg Acc	1	110 61	110 61	111 71	9 41	46689

Storebrand Intl Inv Mngrs Ltd (1200)F

Admin. 5 Rayleigh Rd Hutton, Brentwood Essex
Enquiries 0277 227300 Dealing 0277 261010

International Mar 13	0	50 61	50 61	51.01	2.69	46906

Sun Alliance Unit Tst Mngmt Ltd (1200)F

St Mark's Court Horsham 0403 232323

Equity	6	629 8	629 8	673 6	2 92	41423
North America	6	86 32	86 32	92 32	0 35	41424
Far East	6	84 34	84 34	90 20	0 62	41425
W'wide Bond	5	47 63	47 63xd	50 67	5 72	41426
European	6	68 20	68 20	72 94	1 67	41429
Equity Income	6	69 93	69 93	74 79	5 48	41430
Portfolio	6	59 07	59 07xd	63 18	2 37	41431
Broker Trusts						
Worldwide Growth	6	47 00	47 00	50 00	2.23	47726

Sun Life of Canada Unit Mgrs Ltd (1000)H

Basingview, Basingstoke Hants 0800 525725

American Growth	6	27.30	27 30	29 20	0 60	47795
Managed Assets	6	103 82	104 43	111 69	4 35	44067
UK Income	6	31 97	32 37	34 63	5.19	41432
UK Growth	6	32 12	32 45	34 71	4 08	41433
Worldwide Growth	6	23 83	23 83	25 49	1 00	41434

Sun Life Trust Mngmt Ltd (1200)H

101, Cannon St London EC4N 5AD
Admin & Enq 071-606 4044 Dealing 071-606 6010

Master Portfolio	5¼	33 57	33 57xd	35 90	1 84	41435
Amer Growth Acc	5¼	44 44	44 44	47 50	0 00	41436
Cap Protector Acc	5¼	36 46	36 98xd	39 55	4 44	41439

M & G Securities Ltd

	Bid Price	Offer Price	Yield Gross	City-line
Charibond Apr 15	106.79		10.09	40883
(Accum Units)	646 43		10 09	40884
NAADF Apr 14	41.75		9 41	46917

Morgan Grenfell Investment Funds Ltd

	Bid Price	Offer Price	Yield Gross	City-line
Exempt Funds				
UK Equity † Apr 14	132 8	142 4	1 90	46925
UK Small Co † Apr 14	509 1	560 1	3 58	46926
Fixed Interest † Apr 14	112 4	118.3	8 46	46920
US Small Co Apr 14	163 1	174.5	0 00	46927
Managed Apr 14	109.3	117 0	3 40	46924
Intl Bond Apr 14	118 3	124 7	10 32	47790
Japan Apr 14	58 14	61 98	4 73	47877
European Apr 14	90 72	97.160	1 74	47876
Nth American Apr 14	117.3	126.3	1.23	47878

Murray Johnstone UT Mngmt

	Bid Price	Offer Price	Yield Gross	City-line
Murray Exempt Funds				
Amer Expt Apr 15	55 19	57 41	1 71	41064
Euro Expt Apr 15	52.99	55 64	2 44	41065
Fixed Int Ex Apr 15	48 34	49 56	8 77	46594
Japan Expt Apr 15	35 44	36 66	0.92	41066
Managed Ex Apr 9	43 07	44 80xd	4 43	41067
SE Asia Expt Apr 15	73 62	77.30xd	2 61	41068
Sm Cos Expt Apr 15	35.81	37 61	3 37	41069
UK Eqty Ex Apr 15	43.53	45 71	3 91	41070

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	Yield Gross	City-line
Small Co's Mar 4	656 40	698 79	4 04	41138
Do Accum	761 43	810 61	4 04	41139
Int Exm Apr 9	189 68	189 75xd	1 73	41140
UK Index Mar 4	1136 99	1150 06	4.53	46945
Do Accum	1258.32	1273 91	4.53	46946
Convertible Apr 13	94 03	97 03xd	8.36	46938
World ex UK Index Apr 14	726.01	734 46	2 19	47887
Do Accum	726.01	734.46	2 19	47888
Japan Index Apr 14	416 47	422.84	0.93	47881
Do Accum	418 12	424 51	0 93	47882
USA Index Apr 7	1046.27	1053.36	2 91	47885
Do Accum	1090.59	1097.99	2.91	47886
Europe ex UK Index Apr 14	902.74	916.64	3.23	47879
Do Accum	938 80	953.27	3.23	47880
Pacific ex Jap Index Apr 14	1020.61	1048.24	3.64	47883
Do Accum	1084 83	1114 20	3 64	47884
Managed Exempt Apr 16	110.00	111 99	5.31	40338
American Exempt Apr 16	137 94	140 56xd	3.29	40574
European Exempt Apr 16	122.10	124 55xd	2.92	40628
Japan Exempt Apr 16	92 77	94 80xd	0.56	40635

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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J. D. Ward Financial Services Ltd
9 Kingsway, London, WC2 B6XF 071-836 4321

	Bid Price	Offer Price	Yield Gross	City-line
J D Ward Mngd Bond	185.1	198 0	-	44591
J D Ward Mngd Pens	119 3	128 7	-	44592
Albany Life Acc	190 3	200.3	-	41721
Albany Pens Acc	243 5	256.3	-	41722
M&G Trifona Pen Acc	183 4	192 6	-	47104
PEPC WW Growth (Pen Acc)	182 4	191 9	-	44795

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds
Pembroke Hall Pembroke, Bermuda
UK: Prof Advisers 0800 414181 Jersey: 0534 71696
Private Clients 0800 414161
From O'seas (44) 732 777377 Hong Kong (852) 848 1000

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
A$ Accum		A$-	15 390		6 20	40907
A$ Dist		A$-	15 390		6 20	40940
ASch Accum		Sch-	203.56		8 60	47644
ASch Dist		Sch-	203.56		8 60	47643
C$ Accum		C$-	15.361		6 00	40941
C$ Dist		C$-	15 361		6 00	40958
DM Accum		DM-	31 024		8 80	41228
DM Dist		DM-	31 024		8 80	41229
DFl Accum		Dfl-	25 860		8 60	40959
DFl Dist		Dfl-	25.860		8 60	40690
ECU Accum		Ecu-	10 373		9 10	41230
ECU Dist		Ecu-	10 373		9 10	41260
FFr Accum		FFr-	51 807		9.20	41262
FFr Dist		FFr-	51.807		9 20	41315
HK$ Accum		HK$-	101 36		4.20	40316
HK$ Dist		HK$-	101 36		4 20	41320
Lire Accum		L-	15 642		10 9	41366
Lire Dist		L-	15 642		10 9	41427
NZ$ Accum		NZ$-	30 724		6 60	41544
NZ$ Dist		NZ$-	30 724		6 60	41545
SPta Accum		Pta-	1843.5		11 6	-
SPta Dist		Pta-	1843 5		11 6	-
£ Accum		£-	10 382		9 80	41546
£ Dist		£-	10 382		9 80	41547
SFr Accum		SFr-	25 684		7 40	41550
SFr Dist		SFr-	25 684		7 40	41574
US$ Accum		$-	20 265		2 90	41575
US$ Dist		$-	20.265		2 90	41576
Yen Accum		Y-	2546 1		3 80	41582
Yen Dist		Y-	2546 1		3.80	42701

Prices for dealing April 16

Newport Investment Management
73 Front street, Hamilton, Bermuda
UK 024 029 661 Guernsey 0481 714158

Npt Iberia Fd	5!	$-	0 9175		-47525

Newport International Management

Npt Pacific†(10-1)	5!	$-	2.94		-45557

Orion Fund Limited
6 Front St., Hamilton, HM11, Bermuda 809 295 4000

Orion Apr 09		$-	13 13		-40409

Rothschild Asset Management – Contd.

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
OCCFL SKr		SkrIID 7	105.34		10 63	46778
OCCFL SwFr		SFr30 964	30 964		7 55	45695
OCCFL U S.$		$15 238	15 238		2 90	45696
OCCFL Yen		Y3577 00	3 577 00		3 70	45677
OCCFL Man C	3	£10 534	10 534	10 86	7 80	45698

Daily Dealings ' Weekly dealing

Royal Bank of Canada Funds
RBC Offshore Fund Managers Ltd
PO Box 246, St Peter Port, Guernsey 0481 723021

	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Intl Capital Fnd(10-1)	5	$4 941	5 081	5 442		-45701
Far East & Pacific Fd	5	$37 317	37 317	39 967		-45703
North America Fd	5	$16 815	16 815	18 009		-45702
Canadian Fd	5	C$12 802	12 802	13 711		-45704
Intl Bond Fd	5	$13 293	13 293	14 043		-45706
European Fund	5	$11 599	11 727	12 560		-45705
British Fund	5	£4 669	4 669	5 001		-45706

Intl Currencies Fd Ltd

	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
US$		$-	37 73			-45707
Canadian $		C$-	54 45			-45708
£ Sterling		£-	25 13			-45709
D-Mark		DM-	76 97			-45710
Swiss Francs		SFr-	57 21			-45711
Japanese Yen		Y-	9 054			-45712
Managed Fund		$-	43 04			-45713

Latest Fund Prices 24hr service 0481 719043

Sarasin Funds Mngmt (Guernsey) Ltd
PO Box 246, St Peter Port, Guernsey 0481 723021

	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Eurosar £	5	£-	423.70	452 73		-47556
(Accum Units)	5	£-	426 25	455 46		-47750
Eurosar SFr	5	SFr-	1139 76	1217 85		-47527
(Accum Units)	5	SFr-	1146 63	1225 19		-47751
GlobalSar-Fergus £	5	£-	14 12xd	15 01		-45531
(Accum Units)	5	£-	14 68xd	15 60		-44995
GlobalSar-Fergus US$	5	$-	24 87xd	26 42		-44099
(Accum Units)	5	$-	25 85xd	27 47		-45019
GlobalSar-Fergus SFr	5	SFr-	37 99xd	40 37		-45008
(Accum Units)	5	SFr-	39 50xd	41 96		-45012

Schroder Investment Mngmt (Guernsey) Ltd
PO Box 255 St Peter Port Guernsey 0481 710651

	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
New European Bd $	3	$9 6009	10 6009	10 9678	8 60	44471
New European Bond £	3	£6.0202	6.0202	6 2285	8 60	47647

GUERNSEY (REGULATED)(**)

Adams & Nevile Fund Mngt (Guernsey) Ltd

	Bid Price	Offer Price	Yield Gross	City-line
Worldwest Emer Cos	$0 55	0 59	-	46314

Arab Bank Fund Managers (Guernsey) Ltd
ABL International Fund Ltd

	Bid Price	Offer Price	Yield Gross	City-line
Managed Currency	$10 75	10 76	-	47941
International Bond	$10 93	10 95	-	47940

Bachmann Global Investment Fund Ltd

	Bid Price	Offer Price	Yield Gross	City-line
International Bond	$133 33	136 44	-	45807
Cash Gilt & Stg Fxd Int	£13 85	14 14	-	45821

Credit Suisse Asset Mamgt (Guernsey) Ltd

	Bid Price	Offer Price	Yield Gross	City-line
Olympic Options Ltd	$10 4352	10 7587	-	40411
Olympic Options Intl Ltd	$10 29	10 62	-	47331

Dantrust Management (Guernsey) Ltd

	Bid Price	Offer Price	Yield Gross	City-line
Dantrust Limited	DKr127 4	127 7	-	44873

For Fipart-Corcoll see Hauteville Fund Managers

John Govett Mngmt International Ltd

	Bid Price	Offer Price	Yield Gross	City-line
Energy & Resources	$0 572	0 611	-	46142

Hambros Fund Managers (CI) Ltd

	Bid Price	Offer Price	Yield Gross	City-line
Japanese OTC	$7 7723	8 2736	-	43785

Hauteville Fund Managers (Guernsey) Ltd

	Bid Price	Offer Price	Yield Gross	City-line
Hauteville G & B Fd	SFr9 07	9 18	2 44	46845

Havelet Throgmorton Mngmt Ltd

	Bid Price	Offer Price	Yield Gross	City-line
Global Equity	£1 010	1 088	-	45230

MANAGEMENT SERVICES

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

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		Bid Price	Offer Price	Yield Gross	City-line
CMI Fund Managers (IoM)					
Clerical Medical Hse, Douglas IoM					0624 625599
High Income	5	0.4823	0.4820	0.5078	10.38 47293
CMI Core Portfolio Fund					
UK	5	£- 1.0541	1.1286	-	47540
USA	5	£- 1.0966	1.1524	-	47541
Japan	5	£- 0.4708	0.4970	-	47539
Equity & Law Intl Fund Mngrs Ltd					
Victory Hse, Prospect Hill, Douglas IoM					0624 677877
Total Income Fd	5	95.86	95.86	100.89	10.21 41566
Gartmore Fund Managers (IoM)					
PO Box 32, Douglas IoM					0624 627610
Intl Grth	5½	491.8	491.8	527.0	0.91 45095
Leopold Joseph Fund Mngrs (IoM) Ltd					
PO Box 52 Athol St, Douglas IoM					0624 661020
L J International	5½	94.67	94.67	101.81	- 46804
Mercury Fund Managers IoM Ltd					
11 Hill Street, Douglas IoM					0624 662255
Merc IoM Fund	5	104.7	104.7	111.7	6.9 45970
Merc Intl Bond	5	50.33	50.33	52.90	8.4 45971
Sun Life Management (IoM) Ltd					
PO Box 178, Douglas, IoM					0624 622444
Secure High Income	4	1.0416	1.0416	1.1165	10.06 47286
Unibank Scandinavian Fund Ltd					
23 Sacks Road, Douglas IoM					06246 26484
Scandinavia Fd	5	-	136.87	145.92	1.0 45223

ISLE OF MAN (REGULATED)(**)

	Bid Price	Offer Price	Yield Gross	City-line
ATC Fund Management (SG) Ltd				
SG International	$10.57		-	46889
CMI Fund Mngrs (IOM)				
Traders Fund Ltd NV	$17.24	18.63	-	46369
*Dealings Wednesday				
City Financial Admin (IoM) Ltd				
Brazilian Special & Aarons	68.0	81.0	0.00	47332
Lebanon Special Assets	51.17	1.40	0.00	47333
Brazilian Reserve Assets	104	104	2.67	47338
Duncan Lawrie Inv. Mgt. Ltd				
DL Sterling	122.6	129.0	5.0	44881
DL International	$1.53	1.62	1.4	44882
Equity & Law International Fund Mgs Ltd				
European Equity	160.50	168.92	-	44904
Far Eastern Equity	$2.1478	2.2605	-	44905
North Amer Equity	$1.7723	1.8653	-	44906
UK Equity	170.13	179.06	-	44907
Global Equity	115.79	121.86	-	44908
UK Gilt & Fxd Int	104.00	109.46	-	44909
Dollar Deposit	$100.70		-	44911
Sterling Deposit	£102.79		-	44912
Managed Currency	99.05	103.19	-	44914
Gartmore Fund Managers (IoM)				
Intl Inc	118.3	119.51	12.0	45094
*Projected Yield				

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

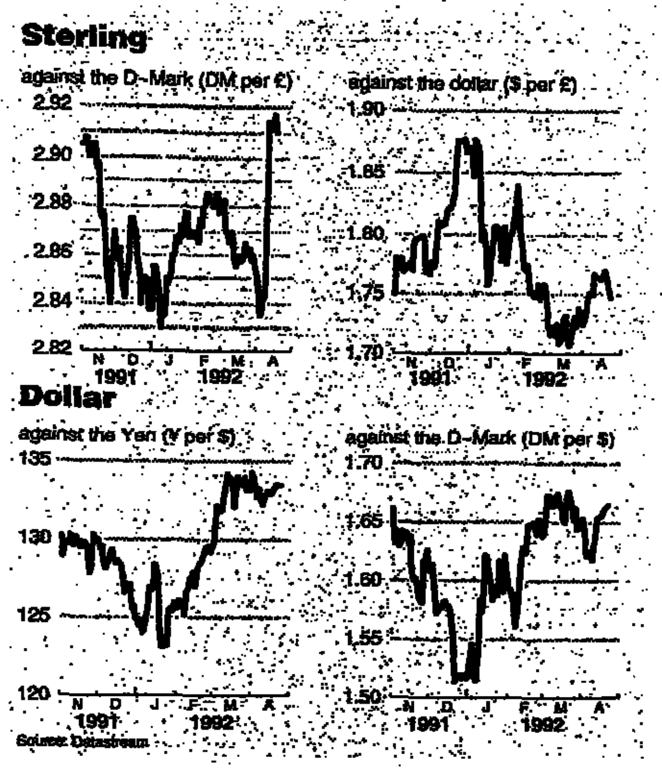
LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

CURRENCIES, MONEY AND CAPITAL MARKETS



STERLING, a victim of political uncertainty in March, has more than recovered ground lost to the D-Mark. The trend vs the dollar supports the view that some gains were due to D-Mark weakness which also helped the US currency. The Nikkei's troubles have helped the dollar to rise vs yen since February.

£ IN NEW YORK

Apr.20	Close	Previous Close
£ Spot	1.7485-1.7495	1.7445-1.7455
1 month	0.93-0.91pm	0.94-0.92pm
3 months	2.67-2.64pm	2.69-2.66pm
12 months	8.75-8.65pm	8.82-8.72pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.16	Previous
8.30 am	91.7	91.8
9.00 am	91.7	91.8
10.00 am	91.7	91.8
11.00 am	91.7	91.8
Noon	91.8	91.9
1.00 pm	91.7	91.8
2.00 pm	91.7	91.8
3.00 pm	91.6	91.9
4.00 pm	91.6	91.9

CURRENCY MOVEMENTS

Apr 16	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.6	-20.9
U.S Dollar	65.1	-13.5
Canadian Dollar	102.0	-2.1
Austrian Schilling	110.0	+12.3
Belgian Franc	111.3	-1.9
Danish Krone	108.7	+2.9
D-Mark	118.2	+24.8
Swiss Franc	103.6	+12.2
Dutch Guilder	114.1	+16.1
French Franc	103.6	-12.4
Lira	98.5	-20.0
Yen	138.6	+72.3
Peseta	107.5	-18.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Apr.15

EXCHANGE CROSS RATES

	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.748	2.910	233.0	9.843	2.698	3.278	2189.	2.065	60.00	1.423
$	0.572	1	1.665	133.3	5.631	1.543	1.875	1252	1.181	34.32	0.814
DM	0.344	0.601	1	80.07	3.382	0.927	1.126	752.2	0.710	20.62	0.489
YEN	4.292	7.502	12.49	1000.	42.24	11.58	14.07	9395	8.863	257.5	6.107
F Fr.	1.016	1.776	2.956	236.7	10.	2.741	3.330	2224	2.098	60.96	1.446
S Fr.	0.371	0.648	1.079	86.36	3.648	1	1.215	811.3	0.765	22.24	0.527
N Fl.	0.305	0.533	0.888	71.08	3.003	0.823	1	667.8	0.630	18.30	0.434
Lira	0.457	0.799	1.329	106.4	4.497	1.233	1.497	1000.	0.943	27.41	0.650
C$	0.484	0.846	1.409	112.8	4.767	1.307	1.587	1060	1	29.06	0.689
B Fr.	1.667	2.913	4.850	388.3	16.41	4.497	5.463	3648	3.442	100.	2.372
Ecu	0.703	1.228	2.045	163.7	6.917	1.896	2.304	1538	1.451	42.16	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

EURO-CURRENCY INTEREST RATES

Apr 16	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10½ - 10⅜	10½ - 10⅜	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	4 - 3⅞	4⅛ - 4	[illegible]	4⅛ - 4	[illegible]	[illegible]

FINANCIAL TIMES STOCK INDICES

	Apr 16	Apr 15	Apr 14	Apr 13	Apr 10	Apr 9	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs.	88.65	88.82	88.57	88.61	88.19	86.00	88.82	85.11	127.4	49.18
Fixed Interest	102.80	102.67	102.52	102.34	101.75	99.44	102.80	97.15	105.4	50.53
Ordinary	2059.2	2053.0	2014.9	2005.5	2001.1	1885.7	2059.2	1851.4	2108.3	49.4
Gold Mines	111.9	113.9	114.0	115.7	114.5	112.3	160.6	111.5	734.7	43.5
FT Act All-Share	1268.47	1266.43	1246.82	1240.85	1232.15	1163.91	1284.07	987.46	1284.07	61.92
FT-SE 100	2638.6	2640.2	2600.5	2591.0	2572.6	2436.4	2640.2	2382.7	2679.6	986.9
FT-SE Eurotrack 100	1169.83	1167.06	1157.52	1153.23	1155.74	1140.98	1176.44	1078.19	1176.44	900.45
FT-SE Eurotrack 200	1213.52	1212.94	1199.46	1194.61	1187.54	1149.42	1213.52	1120.52	1213.52	938.62

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS. Figures in parentheses show number of lines of stock	MONDAY APRIL 20 1992: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY APRIL 17 1992: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1992 High	1992 Low	Year ago (approx)
Australia (69)	145.78	+0.1	124.11	123.86	126.88	126.28	+0.0	4.37	145.67	123.69	123.33	126.38	126.28	153.68	140.94	140.58
Austria (19)	166.80	+0.0	142.00	141.72	145.17	144.60	+0.0	2.01	166.80	141.64	141.23	144.72	144.60	186.70	162.62	198.73
Belgium (46)	136.77	-0.2	116.44	116.19	119.03	115.81	+0.0	5.24	136.99	116.32	115.97	118.85	115.81	145.19	135.87	135.92
Canada (115)	129.88	-0.4	110.57	110.34	113.03	110.95	-0.6	3.31	130.44	110.76	110.43	113.17	111.62	142.12	125.75	137.16
Denmark (35)	231.14	-0.3	196.78	196.39	201.17	203.56	+0.0	1.82	231.77	196.81	196.23	201.09	203.56	273.94	226.81	233.86
Finland (15)	74.56	-1.1	63.48	63.35	64.89	71.32	+0.0	2.05	75.42	64.04	63.86	65.44	71.32	89.80	73.84	113.97
France (106)	154.58	-0.3	131.60	131.33	134.52	137.16	+0.0	3.38	155.00	131.62	131.23	134.47	137.16	159.16	148.06	131.06
Germany (65)	117.90	-0.3	100.37	100.18	102.61	102.61	+0.0	2.25	118.27	100.42	100.14	102.61	102.61	122.84	114.67	105.71
Hong Kong (55)	211.46	+0.0	180.02	179.66	184.04	210.11	+0.0	3.85	211.55	179.63	179.11	183.55	210.11	211.55	176.38	148.53
Ireland (16)	158.70	-0.3	135.10	134.83	138.11	140.02	+0.0	3.68	159.24	135.22	134.82	138.16	140.02	173.71	151.78	156.70
Italy (78)	70.54	-0.2	60.05	59.93	61.39	66.26	+0.0	3.48	70.71	60.04	59.86	61.34	66.26	80.86	68.92	78.57
Japan (473)	94.66	-2.5	80.59	80.43	82.40	80.43	-2.2	1.06	97.14	82.48	82.24	84.29	82.24	140.95	88.70	137.34
Malaysia (68)	231.36	-0.8	196.96	196.56	201.35	227.39	-0.7	2.83	233.24	198.05	197.47	202.36	229.07	250.18	212.49	235.39
Mexico (18)	1730.95	+0.1	1473.61	1470.66	1506.46	5796.82	+0.0	1.04	1729.26	1468.37	1464.09	1500.31	5796.82	1789.77	1378.91	899.27
Netherland (25)	152.23	-0.3	129.60	129.34	132.49	130.93	+0.0	4.25	152.74	129.69	129.31	132.52	130.93	158.48	147.88	135.32
New Zealand (14)	43.25	+0.1	36.82	36.74	37.64	42.29	+0.0	6.52	43.22	36.70	36.59	37.50	42.29	48.52	42.01	48.94
Norway (23)	167.66	-0.3	142.72	142.44	145.91	146.99	+0.0	1.72	168.10	142.74	142.32	145.85	146.99	192.95	161.26	186.81
Singapore (38)	202.44	-0.3	172.34	172.00	176.18	155.09	+0.0	2.10	203.11	172.46	171.96	176.21	155.14	228.43	192.76	202.75
South Africa (61)	228.23	+0.0	194.30	193.91	198.63	167.70	+0.0	3.03	228.23	193.80	193.23	198.01	167.70	263.60	203.16	203.15
Spain (50)	149.28	+0.2	127.08	126.83	129.92	118.89	+0.8	5.07	148.99	126.51	126.15	129.26	118.01	160.47	146.86	153.21
Sweden (25)	183.08	-0.4	155.86	155.55	159.34	164.08	+0.0	2.78	183.80	156.07	155.62	159.47	164.08	190.37	173.09	175.03
Switzerland (60)	97.76	-0.2	83.22	83.06	85.08	93.82	+0.0	2.29	97.98	83.20	82.96	85.02	93.82	104.22	95.99	91.14
United Kingdom (226)	184.02	-0.3	156.66	156.33	160.14	156.66	+0.0	4.74	184.49	156.66	156.19	160.05	156.66	186.29	165.85	169.71
USA (523)	166.93	-1.4	142.12	141.84	145.29	166.93	-1.4	2.96	169.33	143.79	143.37	146.92	169.33	171.66	160.92	154.48
Europe (791)	146.16	-0.2	124.43	124.18	127.21	126.71	+0.0	3.87	146.52	124.42	124.05	127.13	126.68	150.58	139.31	135.74
Nordic (98)	171.34	-0.3	145.87	145.58	149.12	146.81	+0.0	2.21	171.94	146.00	145.57	149.17	146.91	188.52	169.66	173.28
Pacific Basin (717)	100.48	-2.2	85.55	85.38	87.45	85.72	-1.9	1.47	102.74	87.24	86.99	89.14	87.39	141.97	94.40	137.51
Euro-Pacific (1508)	118.94	-1.3	101.26	101.05	103.51	102.60	-1.0	2.64	120.45	102.28	101.98	104.50	103.60	145.21	113.80	137.12
North America (638)	164.60	-1.4	140.13	139.86	143.27	163.12	-1.4	2.97	166.88	141.71	141.31	144.81	165.41	169.69	158.70	153.33
Europe Ex. UK (563)	123.51	-0.2	105.15	104.98	107.52	109.38	+0.0	3.21	123.81	105.13	104.85	107.44	109.34	129.79	121.81	115.22
Pacific Ex. Japan (244)	157.81	-0.1	134.36	134.10	137.36	139.98	-0.1	3.89	157.98	134.15	133.76	137.08	140.12	158.33	149.00	138.50
World Ex. US (1702)	121.59	-1.2	103.52	103.32	105.83	104.91	-0.9	2.66	123.05	104.48	104.19	106.76	105.89	146.91	116.45	138.22
World Ex. UK (1997)	131.43	-1.4	111.89	111.68	114.40	120.73	-1.3	2.53	133.31	113.20	112.88	115.68	122.29	150.58	127.21	140.05
World Ex. So. Af. (2164)	135.37	-1.3	115.24	115.02	117.82	123.69	-1.1	2.78	137.15	116.45	116.13	119.00	125.12	153.05	130.04	142.31
World Ex. Japan (1752)	158.99	-0.9	135.35	135.10	138.39	149.17	-0.6	3.32	160.40	136.20	135.82	139.18	150.35	161.90	153.20	148.88
The World Index (2225)	135.97	-1.3	115.75	115.53	118.34	124.08	-1.1	2.78	137.73	116.95	116.62	119.50	125.50	153.70	130.66	142.68

Markets open April 20: Canada, Japan, Malaysia, Singapore, Spain and US. Markets open April 17: Italy, Japan and Malaysia.

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Duncan Lawrie	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Equatorial Bank plc	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Exeter Bank Limited	11	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Financial & Gen Bank	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	First National Bank Plc	14	Provincial Bank PLC	14
Bank of Cyprus	10.5	● Robert Fleming & Co.	10.5	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	Robert Fraser & Ptnrs.	11	Royal Bk of Scotland	10.5
Bank of India	10.5	Girobank	10.5	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	● Guinness Mahon	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Hambros Bank	10.5	TSB	10.5
Barclays Bank	10.5	Hampshire Trust Plc	13.5	Unibank plc	10.5
Benchmark Bank	11	Heritable & Gen Inv Bnk.	10.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	● Hill Samuel	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	C. Hoare & Co.	10.5	Western Trust	10.5
CL Bank Nederland	10.5	Hongkong & Shanghai	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Julian Hodge Bank	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	● Leopold Joseph & Sons	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	Lloyds Bank	10.5		
Co-operative Bank	10.5	Meghraj Bank Ltd	10.5		
Coutts & Co	10.5				

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MONEYMARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

BRITISH FUNDS

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	Wk's change	Div gross	Dividends paid	Last xd	City line
Abbott Labs		37½xd	6.5	$1.20	FeMyAuNv	6.4	1503
♥Allegheny & W		282p	1.9	38c	–	–	–
Amdahl		873p	3.1	10c	NvMrJeAu	31.1	–
Amer Cyanamid		37	7.6	$1.50	MrJeSeDe	4.3	–
Amer Express		12½xd	4.0	$1.00	FeMyAuNv	31.3	1594
Amer T & T		24⅛xd	6.3	$1.32	FeMyAuNv	27.3	1597
Ameritech		34⅛	4.2	$3.52	FeMyAuNv	28.3	–
BankAmerica		24⅝xd	11.3	$1.30	FeMySeDe	20.2	1744
Bankers NY		29½xd	3.7	$1.52	ApJyOcJa	27.12	1745
Bell Atlantic		24¼	4.9	$2.60	FeMyAuNv	4.7	–
BellSouth		26	4.0	$2.76	FeMyAuNv	5.4	–
♥Bethlehem Steel		8⅓xd	10.2	–	MrJeSeDe	8.2	1821
Bowater		1353pxd	3.0	$1.20	OcJaApJy	9.3	1884
CPC		49½xd	4.6	$2.48	JaApJyOc	30.3	2263
California Engy		705p	5.9	–	–	–	–
Campbell Soup		19½	4.3	78c	OcJaApJy	24.12	2050
Chase Manhattan		14xd	15.5	$1.20	FeMyAuNv	24.1	2109
Chrysler		16½xd	9.8	60c	ApJyOcDe	11.3	2135
Citicorp		9⅛xd	10.2	–	–	23.10	2141
Colgate-Palm		29½xd	8.6	$1.66	FeMyAuNv	22.1	2184
Cont'l Bank		1024p	7.5	80c	DeMrJeSe	31.5	–
Dana		22⅞xd	8.3	$1.60	MrJeSeDe	26.2	2306
Data General		508p	–1.4	–	–	–	–
Dial		22¼xd	4.7	$1.12	JaApJyOc	29.3	2778
Dun & Brad		32¼	7.1	$2.20	MrJeSeDe	13.2	–
Eaton		46½	9.7	$2.20	FeMyAuNv	2.2	2410
Echlin		10⅛xd	10.6	78c	JaApJyOc	2.4	3046
FPL		19⅝xd	4.7	$2.48	MrJeSeDe	25.2	–
Fluor		23⅛xd	12.2	40c	JaApJyOc	18.3	2609
Ford Motor		23¼xd	6.6	$1.60	MrJeSeDe	28.1	2615
Gen Elect		44⅜xd	8.2	$2.20	JaApJyOc	4.3	2675
♥General Host		503p	6.6	34c	–	13.12	–
Gillette		29½xd	9.8	82c	MrJeSeDe	29.1	2695
Hasbro	h	15¼	5.2	13.3c	JaApJyOc	1.8	–
Honeywell		41⅝xd	5.0	$1.85	MrJeSeDe	25.2	2919
Houston Inds		24⅝	3.1	$2.96	MrJeSeDe	10.11	–
IBM		50⅞xd	5.8	$4.84	MrJeSeDe	6.5	2986
Ingersoll-Rand		35¼xd	11.2	$1.32	MrJeSeDe	13.2	2979
Lockheed		28	4.5	$2.80	MrJuSeDe	15.2	–
Lowe's		2283p	8.0	58c	JaApJyOc	11.7	–
Merrill Lynch		28xd	0.9	$1.00	FeMyAuNv	30.4	3351
Morgan (JP)		30⅛xd	3.4	$2.18	JaApJyOc	18.3	3419
Morris (Philip)		44⅞xd	5.7	$2.10	JaApJyOc	11.12	5161
NYNEX		42¼	5.6	$4.64	FeMyAuNv	27.8	4740
♥Pac Agric		57p	9.6	–	–	–	–
Pall		14⅞	5.3	36c	FeMyAuNv	24.1	–
Pennzoil		36⅛xd	4.2	$3.00	MrJeSeDe	28.2	3630
Quaker Oats		30¼xd	2.5	$1.72	JyOcJaAp	17.3	3738
Rockwell		13½xd	–5	92c	MrJeSeDe	12.2	3847
Rep NY		22⅛	–8	$1.80	JaApJySe	10.3	3814
Sears Roebuck		27¼xd	9.0	$2.00	JaApJyOc	25.2	5191
Sthwestern Bell		35⅛	6.5	$2.92	MyAuNvFe	4.7	–
Sun Co		15½xd	4.7	$1.80	MrJeSeDe	5.2	4135
Tenneco		22⅛xd	7.6	$1.60	MrJeSeDe	11.2	–
Texaco		34¼xd	3.2	$3.20	MrJeSeDe	30.1	4200
Time Warner		58⅛xd	9.0	$1.00	MrJeSeDe	19.2	4234
♥Unilab		440p	–4.1	–	–	–	–
Utd Tech		30⅝xd	3.8	$1.80	MrJeSeDe	25.2	4381
♥Unitech		117p	–4.1	–	–	–	–
‡URS Intl		0½p	–	–	–	–	4364
US West		19⅝	3.3	$2.12	FbMyAuNv	14.4	–
Vanty		802p	8.2	–	–	11.77	–
Waste Manage		23⅛xd	10.7	44c	ApJyOcJa	13.3	4439
Whirlpool		2709pxd	13.0	$1.10	MrJeSeDe	4.3	–
♥Woolworth		15½	–2.3	$1.08	MrJeSeDe	26.1	4540

CANADIANS

	Notes	Price £	Wk's change	Div gross	Dividends paid	Last xd	City line
♥Abbot Energy		2p	–	–	–	–	–
Amer Barrick		1401p	0.1	8c	Jun Dec	–	–
Bk Montreal		21⅞	6.7	$2.12	FbMyAuNv	2.8	1029
Bk Nova Scot		1023p	9.5	92c	JaApJeOc	30.6	1017
♥BC Gas		814p	0.1	80c	FeMyAuNv	30.12	–
BCE		22	1.7	$2.60	ApJyOcJa	12.6	–
♥Brascan		799p	3.2	$1.04	JaApJyOc	28.10	–
♥Breakwater		29p	–12.1	18c	–	–	–
Can Imp Bk		1398p	4.9	$1.32	FeApAuNv	29.6	1037
Can Pacific		835p	4.6	32c	JaApJyOc	28.12	1038
4pc Deb		37	5.7	04%	Jan Jul	22.5	2051
♥Derlan		287p	0.7	28c	MrJeSeDe	3.6	–
♥Echo Bay		329p	–6.0	7.5c	Jon Dec	–	1070
♥ECO		28½p	1.9	–	–	–	–
Granges		52½p	5.0	–	–	–	–
♥Gulf Can		368pxd	9.8	40c	JaApJyOc	4.3	–
♥Hawker Sid		12⅛	2.1	$1.08	ApJyOcJa	15.11	–
♥Hudson's Bay		1483p	7.4	88c	MrJeSeDe	2.18	–
♥Imperial Oil		19⅛xd	0.7	$1.80	MrJeSeDe	4.3	–
Inco		16⅜xd	4.8	$1.00	JaApJyOc	4.3	–
♥Int Corona		347p	0.9	18c	May	5.89	–
♥Muscocho		3p	–	–	–	–	–
♥N A Tire Recycling		51p	2.0	–	–	–	–
Nova Corp Alberta		348pxd	3.3	24c	FeMyAuNv	28.1	4215
♥Rio Algom		850p	2.9	88c	Jun Dec	16.4	–
Royal Bk Can		1168p	4.9	$1.16	MrJeSeDe	18.7	1180
♥TVX Gold		182p	3.2	–	–	–	–
♥Tara Pure		1½p	–	–	–	–	–
Toronto-Dom		829p	6.3	84c	FeMyAuNv	28.3	1207
♥Trans Can Pipe		805p	3.2	78c	JaApJyOc	1.12	–

BANKS

	Notes	Price	Wk's ch'nge	Div net	Div cov.	Dividend paid	Last xd	City line
ABN Amro Fl		214	–2.0	058%	♦	Aug May	27.8	1587
ANZ A$	g	179	1.1	028c	1.5	Jan Jul	27.12	1898
■Abbey National	q	311	5.4	10.5	3.0	May Oct	9.3	5411
■Allied Irish I£	†	169	–6	043.7%	1.9	Dec Jul	25.11	1354
■Anglo Irish I£	g	49	–	017.5%	2.2	Jan Jul	25.11	1359
Banco Bilbao Pta		£14¼	–8.8	048.1%	2.7	Dec Jan	10.4	–
Banco de San Pta		525	0.9	032%	2.7	Apr Oct	31.10	–
■Bk Ireland I£	†h	145	–	011.6%	0.6	Jul Dec	25.11	1360
Bank Leumi (UK)		348	–	10.0	–	Apr Sep	9.3	1740
■Bank Scotland	†h	115	2.7	4.25	0.9	Dec Jul	14.10	1742

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FOOD RETAILING

HEALTH & HOUSEHOLD

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INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	Wk's ch'ge	Div net	Dividends paid	Mkt cap£m	Last xd	City line
■Scot National Inc		94	8.7	8.65	ApJyOcJa	158.1	24.2	3981
■ Cap		36	20.0	—	—	18.2	—	3985
Stepped Pf	†	135	3.1	6.25	Sep Mar	48.1	24.2	3982
Zero Div Pf		178	3.8	—	—	712.4	—	3984
Warrants		6½	—	—	—	0.78	—	3983
Scot Value	s	88	—	1.25	Jan	18.8	9.12	2706
Sec Alliance	†	1197	0.6	35.0	Apr Oct	229.8	24.2	3874
Second Market	s	238xd	0.4	1.5	May	238.8	6.4	3876
■Sec Tst Scot	†	72½	—	3.1	Jul Dec	232.2	28.10	3877
Select Assets		161	—	0.63	Apr	24.2	24.2	[illegible]
Eq Ind Sert		116xd	0.9	4.25	JaApJeOc	28.4	6.4	[illegible]
Eq Ind SertII		116xd	0.9	4.25	JaApJeOc	24.8	6.4	[illegible]
Shires	†	238	5.0	17.8	ApJyOcJa	52.9	9.3	4014
11pc Cv Ln '03/04		£112½	2.7	Q11%	Sep Mar	25.8	24.2	4012
Siam Select		85	—	1.8	Jul	12.5	—	1267
Warrants		18	—	—	—	0.54	—	1370
■Smaller Cos		75	5.6	2.5	Apr Oct	11.8	24.2	[illegible]
Warrants		13	30.0	—	—	0.26	—	[illegible]
■Sphere Inc		18	8.1	2.87	MyAuNvFe	21.8	27.1	4270
Zero Div Pf		78½	3.7	—	—	74.8	—	5227
Warrants		6¼	—	—	—	0.89	—	5878
Stratton		183	—	1.86	Jan	19.3	3.6	4126
Summit		48	—	1.25	May	2.88	9.3	4152
■TR City of Lon	M	114½xd	4.1	4.75	FeMyAuNv	218.8	6.4	4271
■TR Euro Growth	s	85	—	1.0	Oct	31.2	16.9	4080
Ptg Sub	s	58	—	1.8	Oct	1.81	16.9	—
■TR Far East Inc	M	93	3.3	4.4	ApJyOcJa	43.2	24.2	[illegible]
Warrants		15	28.1	—	—	1.49	—	—
TR High Inc		96xd	2.1	6.8	MrJyOcJa	21.2	6.4	2907
Sub	g	38	—	1.5	Jul	0.96	1.7	2936
■TR Pacific	s	98	1.1	0.25	Apr	92.3	9.3	4081
■TR Prop		22	4.8	1.45	Jan Jul	82.5	9.12	4282
■TR Smaller		137	3.8	3.7	Mar Sep	344.1	10.2	4285
■TR Technology	M	32	6.7	1.75	Aug	14.1	15.7	4282
Stepped Pf		99¾	2.1	5.51	Dec Jan	49.7	11.11	4889
Zero Pf		171½	2.4	—	—	132.1	—	4888
■Temple Bar		256	0.8	13.8	Sep Mar	152.2	24.2	4191
6pc Cv Ln 2002		£114½	—	Q6%	Jan Aug	26.2	27.1	4190
Templeton Em		285	–1.4	2.5	Sep	78.8	29.7	4886

MERCHANT BANKS

Ansbacher (H) · Baring 8pc Cu 2nd Pf · 9¼pc Non-Cum Prf · Brown Shipley · Close Bros · ■Hambros · 7½pc Cv Pf · Joseph (L) · ■Kleinwort Benson · ■Rea Bros · Schroders · N/V · ■Singer & Fried · ■Warburg (SG) · 6pc Cv Pf · Wintrust

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MOTORS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

OIL & GAS

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

TEAS

MINES

MINES - Cont.

	Price	Wk's ch'ge	Div net	Div cov	Dividend paid		Last xd	City line
Melinga Res	32	–4.5	–	–	–		–	–
‡‡Navan Res IE	25	—	–	–	–		–	1185
Northgate Expl C$ s	34	–10.5	–	–	–		10.77	–
North West Expl A$	3	—	–	–	–		–	–
Oryx Gold $	84	—	–		–		–	3686
■‡‡Ovoca Res IE	6	—	–	–	–		–	1470
Plateau	8	—	–	–	–		–	3487
■RTZ	595	1.2	18.5	1.7	Dec	Jul	23.3	3880
■‡Vizcaya	1¼	25.0	–	–	–		–	4193
ψWestern & Pac C$	63	77.5	–	–	–		–	–
‡Young Grp	25	8.7	2.6	◆	Oct		9'90	5088

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ψ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend, cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. *g Assumed dividend.* h Assumed dividend after scrip issue. m Interim higher than previous total. n Rights issue pending. *q Earnings based on preliminary figures.* s Dividend excludes a special payment. t Indicated dividend: cover relates to *previous dividend.* u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. *z Dividend includes a* special payment: Cover does not apply to special payment. E Minimum tender price. F Dividend based on *prospectus or other* official estimates for 1990-91 G Assumed dividend after pending scrip and/ or rights issue. *H Dividend based on* prospectus or other official estimates for 1991. K Dividend based on prospectus or other *official estimates for* 1992-93 L Estimated annualised dividend, cover based on latest annual earnings. *M Dividend based on* prospectus or other official estimates for 1991-92. N Dividend based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. Q Gross. *R Forecast annualised* dividend, cover based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. *Z Dividend total to date.*

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1288 a year for each security shown, subject to the *Editor's discretion*

FT Share Service

The following changes have been made to the FT Share Information Service:

Additions:

Melinga Resources (Section: Mines)

Deletions:

Bank Leumi (Section: Banks)

DRX Inc. (Mines)

Macarthy (Health & Household)

Novalal (Miscellaneous)

4:00 pm prices April 20

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15 7/8	12 3/4	AAR Corp	0.48	3.4	17	153	14 1/4	14	14 1/4	-1/8
26	20 5/8	A L Labs A	0.18	0.8	110	186	23 3/8	23	23 1/4	-1/8
68 3/4	56	AMP Inc	1.52	2.5	34	1708	61 5/8	60	60 1/2	-1 1/4
80 1/4	67 1/8	AMR				244781	70	68 3/4	70	-5/8
2 1/2	1 7/8	ARX			2	100	2	2	2	-1/8
53 1/2	41 1/8	ASA	2.75	6.5	12	202	42	d41	42	+1/4
68 3/8	58 3/4	Abbott Lab x	1.20	1.9	23	6605	64 1/2	63	63 1/4	-1 1/4
13 7/8	12 1/2	Abitibi Pr x	0.43	3.5	12	12	12 3/8	12 1/4	12 3/8	
11 5/8	10 3/8	ACM Gvt In x	0.96	9.4		347	10 3/8	10 1/4	10 1/4	-1/8
10 3/8	9 1/8	ACM GvOpp x	0.80	8.5		168	9 3/8	9 1/4	9 3/8	+1/8
9 1/2	8 1/2	ACM Gvt Sp	0.80	9.4		622	8 1/2	d8 1/2	8 1/2	-1/8
11 1/4	10 3/8	ACM Gvt Se x	0.98	9.4		1244	10 1/4	d10 1/8	10 1/4	
9 3/8	8 5/8	ACM Man x	0.95	10.3		297	9 1/4	9 1/8	9 1/4	
12 7/8	10 3/4	ACM Mangd x	1.08	10.2		312	10 7/8	d10 5/8	10 5/8	-1/8
11 3/4	7	Acme Cleve	0.40	4.6	16	166	8 3/4	8 5/8	8 3/4	
6 1/4	4 1/2	Acme Elect			4	3	5 5/8	5 5/8	5 5/8	
33 3/4	18 7/8	Acuson			12	628	20 5/8	20 1/8	20 3/8	+1/8
19 1/2	18 1/8	Adams Expr	0.48	2.6	0	69	18 5/8	18 1/2	18 1/2	-1/4
15 1/2	13	Adobe12PI	2.40	17.0		3	14 1/8	14 1/8	14 1/8	
6 3/4	4 1/2	Adobe Res			2	78	5	4 7/8	4 7/8	-1/8
49 1/8	40 1/2	Ad Micro	3.00	7.4		344	41 1/2	d40 1/2	40 1/2	-1 1/2
21 1/2	16 3/4	Ad Micro P	3.00	18.3		66241	16 5/8	d16	16 3/8	-1/2
9 1/8	5	Advest Grp	0.16	2.3	28	36	7 1/8	6 7/8	6 7/8	-1/4
71 3/4	67 1/8	Aegon ADR	1.50	2.2	6	11	68 1/2	68 1/4	68 1/4	
47	39	Aetna Lf x	2.76	6.4	9	3258	43 1/4	42 1/2	43 1/8	-1/8
12	8 3/4	Ahl A	0.24	2.2	11	913	10 7/8	10 3/8	10 7/8	
32 7/8	24 1/8	Altac	0.40	1.6	14	2858	26 7/8	25 1/2	25 5/8	-1 3/8
19 1/8	15 1/8	Ahmanson	0.88	5.2		81824	18 1/2	18 3/8	18 1/2	
22 1/2	15	Aileen Inc			12	776	15 1/4	d13 3/4	14 7/8	-1 1/4
47 3/4	36 1/2	Air Pr Chm	0.80	1.6	21	2829	u49 1/2	45 3/4	49 1/2	+3
29 3/4	21 1/2	Airbne Fri	0.30	1.3	16	1113	23 3/8	23	23	-1/2
26	22 5/8	Airgas Inc			27	7	24 3/8	24 3/8	24 3/8	-1/8

[illegible]

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng
82¼	66½	Xerox	3.00	4.0		191496	76⅞	75⅜	75½	−1½
52½	50½	Xerox4.125				17	52¾	52	52¾	+¾
28½	24⅞	Xtra 1.94	1.94	7.1		5	27¼	27¼	27¼	
37	28½	Xtra Corp	0.80	2.3	14	69	34⅞	34½	34⅞	+⅛
27	25¼	Yankee Egy	1.60	6.1	12	16	26⅜	26¼	26¼	
1½	½	Zapata			31	274	1¼	1⅛	1¼	
11⅛	7¼	ZenithElec			4	298	8⅜	8	8	−⅜
17¼	14½	Zenith Nat	1.00	6.3	7	40	16⅞	15¾	16⅞	
6⅞	6	Zenix Inc x	0.85	12.6		19	6¾	6¾	6¾	
13¾	11⅛	Zero Corp	0.40	3.4	18	272	12⅛	11⅞	11⅞	−⅜
38	32⅝	Zurn Inc	0.88	2.5	15	236	35⅛	34⅞	35	−¼
14⅛	12¾	Zweig Fund x	1.16	8.8		273	13¼	13	13⅛	−⅛
11	9⅞	Zweig Totl x	1.00	9.7		767	10⅝	10⅜	10⅜	−⅛

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices April 20

NASDAQ NATIONAL MARKET

4:00 pm prices April 20

THE FT INTERVIEW

Challenges facing heir apparent

Wolfgang Schäuble, second-in-command to the German chancellor, talks to **Quentin Peel** and **Andrew Gowers**

The contrast could scarcely be greater. Mr Helmut Kohl, the German chancellor, is a great bear of a man with a palpable physical presence as he bursts into a political meeting. He is also a master of the art of ambiguity, of calculated blundering and mumbling, all part of the eternal German search for consensus, the essence of his coalition government.

Mr Wolfgang Schäuble, his closest political confidant and all-but-anointed heir, is a slight figure, precise in both word and movement. He is like a self-effacing second in the corner of a heavyweight boxing champion.

The assassination attempt which left him paralysed and wheelchair-bound 18 months ago has, if anything, accentuated the contrast. Where the chancellor strides on to a platform, his second-in-command must laboriously wheel himself to the podium. Where the chancellor towers over his audience, Mr Schäuble must peer past the microphone with a self-deprecating grin.

Yet both men share the same acute political instinct, a love of intrigue and infighting, an instinct for the political jugular, and a considerable respect for and loyalty to each other.

Mr Kohl is the unity chancellor, the man who spotted the brief moment when it was possible to bring the two halves of Germany back together. Mr Schäuble negotiated the unification treaty, screwing the nuts and bolts into place.

Mr Schäuble also represents the new generation in the German leadership, the first to reach the top who cannot remember the Second World War. If he does succeed to the party leadership and the chancellorship for which he is so obviously being groomed, his task will be to cope with the post-unification trauma, and the challenge of Germany's search for its international identity.

He is in little doubt of the political, psychological and physical challenge he faces. "We have quite enough political problems to deal with during this unification period," he says. "Those who have to take government responsibility at a time of such huge changes do not have it very easy. You can see that from the opinion polls."

Yet he was as shocked as any by the recent state election results in Schleswig-Holstein and his own home state of Baden-Württemberg, showing a sharp increase in support for the parties of the extreme right-wing.

"The election result is a bitter defeat for the big democratic parties," he comments. "These were protest votes, not against a particular party, but rather against those in power in general.

"The cause is a general insecurity of all citizens about whether those responsible, in central government and the states, are capable of dealing with the problems the people are facing. We must take this vote very seriously."

Just one week before, commenting on the rise of the far right in the elections in France, Mr Schäuble had warned: "Nobody is entirely immune from such a development." Yet he is firmly convinced that Germany can and will deal with the economic and social problems arising from unification, and the search for a national role.

Like the chancellor, he refuses to be downcast by the cost of subsidies for the collapsed economy of the east. "It is difficult, but not too difficult," he says. "We have to deal with a very strained budget. The capital markets are also rather stretched, but they are capable of handling it."

He understands the prevailing gloom in the business community, but refuses to share it. The private sector is worried at the scale of the task in east Germany, on top of the country's commitments to eastern Europe and the former Soviet Union. What is left of east German industry is facing a disastrous collapse in exports to the rest of eastern Europe, when it is still not capable of competing for new markets in the west, he agrees. And on top of that, the outlook for the world economy is bleak, and there is a real danger of failure in the Gatt trade liberalisation talks.

"All these things together have their effect on the entrepreneurial class, which has got used to 10 years of uninterrupted growth. They see a slight weakening [in the German economy] as a dramatic development. One must take this gloomy mood seriously, but if you look for the real causes you can be a bit more relaxed."

One clear hope he has is that the completion of the single market in the European Community will bring a new boost to economic growth. But he admits there is a growing mood of questioning over Europe in Germany.

'I am watching myself closely'

He pinpoints three causes: the lack of political union to counterbalance economic and monetary union will lead to financial instability; the additional financial burdens of the EC are excessive, on top of the cost of unification and eastern Europe; and the security reason for western European integration (protection in the east-west conflict) has vanished with the end of the Cold War.

PERSONAL FILE

- **1942** Born Freiburg. Studied law and economic sciences at Freiburg and Hamburg universities.
- **1971** Joined tax administration, Baden-Württemberg government.
- **1972** Member of Bundestag.
- **1975-84** Member, Council of Europe and Western European Union assembly.
- **1984-89** Minister in chancellor's office.
- **1989-91** Minister of interior.
- **Oct 1990** Assassination attempt.
- **Nov 1991** Parliamentary leader, CDU.

Of the latter cause for doubt, he says: "I don't think that is right. Precisely because of the end of the east-west confrontation, given the proliferation of unpredictable developments not only in eastern Europe but in the Mediterranean area, we need integration in western Europe all the more."

He is worried that Germany's partners do not see that need – and the need to involve Germany – so clearly. "I think our western friends should think very hard about how the federal republic, sitting in the middle of Europe, can be ever more firmly anchored in western Europe, and not tempted backwards and forwards between east and west." Such a scenario, he says, cannot be in the interests of Germany's western friends.

"We are always the one confronted most immediately with developments in eastern Europe. Our neighbours must resist the temptation to use the federal republic as a sort of *cordon sanitaire* to protect themselves against the developments in eastern Europe. That would not be a good development for Europe."

He fears that there might be a temptation in western Europe to acknowledge the big problems in the east and the threat of migration, but look at it simply as a problem for the Germans. "That would be very shortsighted," he says.

As for economic and monetary union in the EC, he is convinced that it is right and that the criteria agreed at Maastricht are adequate. But if at the end of the decade "the Europeans don't want it, there will be no court of appeal where one can lodge a complaint and say the law must be fulfilled". He is less passionate on this score than Mr Kohl, although "it would be a mistake" not to take the opportunity.

The one real spark of passion comes with the suggestion that Germany might be using its new-found unity and sovereignty to dominate its European partners. "Who says that?" he snaps, but then relaxes. "We Germans must understand that such rapid changes as we have seen in Europe will also be critically debated by our friends. I don't think we have too much cause to feel sensitive."

He does believe that, so far, the German government has dealt calmly and correctly with its new role. It has abandoned any claim to eastern territories, or any questioning of its frontiers. It celebrated the "fantastic events" of unification in a controlled way. "We celebrated unity with violins, not with trumpets," he says. "That was no bad thing. We have had enough brass bands in our history, and that was not to our advantage, nor that of Europe."

There is a single-minded, ambitious aggressive streak in Mr Schäuble which his opponents perceive. There is a softening, a deepening in his character which others are convinced has come from his close encounter with death and his subsequent paralysis. He is himself very conscious of the physical challenge ahead. "I am not sure how it will look in five years' time," he says. "I am watching myself closely."

In the meantime, he shows remarkable self-confidence, and appears to revel in the daily political challenge. "My colleagues are content, I am content and the opposition is content. That is no bad thing." A politician to the bitter end.

Post-modern test for government

MICHAEL PROWSE on America

If we want to continue to be number one, we need to transcend the legacy of modernism – modern thought and modern institutions, including bureaucracy. You know how different American society is today compared to 1960 or even 1970. We're different; we're post-modern. Yet the government has not kept up. People sense it intuitively: modern government is trying to run a post-modern society, and it is failing."

I quote from a speech by Mr James Pinkerton, a policy adviser at the White House. Mr Pinkerton, a conservative, is in the vanguard of a cross-party movement urging a wholesale reform of the US public sector. The closest thing to a bible for the movement is a new book, Reinventing Government, by David Osborne and Ted Gaebler (Addison Wesley, $22.95). Prominent figures praising the book include Governor Bill Clinton, the leading Democratic presidential contender, who has described it as a "blueprint" for the revitalisation of government.

The first powerful critique of modern bureaucracy dates from the 1960s when US economists James Buchanan and Gordon Tullock invented a doctrine known as "public choice". This highlighted an apparent inconsistency in market economics. Traditional theory assumes that individuals seek to maximise their personal well-being: consumers maximise utility or satisfaction while businessmen maximise profits. Strangely, however, economists assumed that when individuals became bureaucrats, they would work for the broader public interest.

Public choice says this is a naive assumption. Bureaucrats are as self-serving as anybody else. They are typically interested in retaining their jobs, gaining promotion and expanding their sphere of influence. In tightly run organisations, they will mainly seek to please their immediate superiors. But often, if they cannot be fired, they will please themselves. The last thing we should assume is that civil servants are motivated only by the goals of their distant political masters.

Such arguments helped justify the Reagan-Thatcher assault on big government. The post-modernist critique of government is less harsh. Rather than directly impugning the motives of civil servants, it claims they are trapped in organisational structures that no longer function.

What is meant by post-modern? Mr Pinkerton offers a few colourful examples. "Network TV is modern – you watch what they put on. Cable is post-modern – you have a choice. The postal service is modern. Faxing and E-mailing are post-modern. Plastic surgery is modern. Staying out of the sun is post-modern." Modernism, which dates from the late 19th century, is thus associated with mass production, uniformity, and predictability; post-modernism with flexibility, choice and personal responsibility.

"Our thesis is simple," write Osborne and Gaebler: "the kind of governments that developed during the industrial era, with their sluggish, centralised bureaucracies, their preoccupation with rules and regulations, and their hierarchical chains of command, no longer work very well." They regard modern bureaucracies as a hangover from the days of Henry Ford, who pioneered assembly-lines and other techniques of mass production. In industry, post-modernists' battle cry is "flexible specialisation": small companies with highly qualified, adaptable workforces are seen as more likely to cope with competitive threats and rapid technological change than Fordist dinosaurs.

But what would post-modernist policies mean for the public sector? Osborne and Gaebler try to dissolve apprehension by stressing their deep faith in government and their admiration for individual bureaucrats. They set out 10 principles for reform which are too tedious to repeat. Most have a familiar ring for those who lived through the Thatcher years: for example, treat people as customers, encourage competition between service providers, decentralise decisions and focus on outcomes rather than inputs. Their view that government "should steer not row" is still radical in a US context: remember that the UK education and health care reforms of the 1980s were a bigger challenge to the status quo than anything attempted in America.

In the US the litmus test will be education. The high school system – set up at the turn of the century to prepare students for big business – is quintessentially modern (as opposed to post-modern). In most areas, children are allocated to large schools run on rigid, bureaucratic principles by school boards. Post-modernists favour the introduction of a voucher system giving parents freedom to choose schools and headteachers much greater autonomy. If the high schools are eventually overhauled along such lines, the US will have rejected the existing public sector paradigm.

There is a kernel of truth in the public choice and post-modernist critiques, which share a distrust of current arrangements. But the former is too cynical – there is such a thing as a public service ethic – while the latter probably exaggerates the pace at which society is changing. In the long-run, however, as more people get wealthier, the demand for customised products and services will grow, forcing a less monolithic approach in the bits of the public sector that survive.

Judicial rebuke in the Strand

JUSTINIAN

Lord Lane, the Lord Chief Justice, last week bowed out of office after 12 gruelling years. He had presided over the English criminal justice system at a time of deepening worries about its efficacy and social value.

The valedictory speeches at the Royal Courts of Justice in the Strand resounded to the accompaniment of praise from Lord Lane's colleagues and plaudits from the legal profession, against a background of sustained media criticism of the controversial Lord Chancellor following a series of miscarriages of criminal justice.

Two notes of dissonance disturbed the ceremony. First, Lord Donaldson, the Master of the Rolls, spoke out against the press for having exceeded the bounds of responsible criticism and for making the Lord Chief Justice the scapegoat for recent miscarriages of justice; second, Mr Gareth Williams QC, chairman of the Bar Council, hinted darkly that all is not well in relationships between the Strand and Whitehall. The two criticisms are intertwined.

No judge – none more so than Lord Donaldson – denies the vital role which the press plays in criticising legal decisions. Only the media constantly parades judicial conduct under the public searchlight. Parliament applies a self-denying ordinance which bars MPs from criticising judges except upon a substantive motion, a rare enough event which focuses on a single instance of judicial conduct. It takes a piece of serious misconduct to induce MPs to table a motion criticising a judge, let alone an address for his removal from office.

Since the press is, in effect, the only mechanism of discipline which operates constantly and in the open, it bears a portion of responsibility for keeping a check on the courts and the judges. The press also has a peculiar duty to supply the information upon which other mechanisms can operate to discipline a misbehaving judge or to remedy defects in the administration of justice. If it is a truism that a free press must necessarily be an irresponsible press it is less true when the press reports on the workings of the legal system. Here responsibility must be more strictly adhered to.

Lord Donaldson's outspoken attack on press hounding of the Lord Chief Justice was therefore by way of a judicial rebuke in lieu of a warning that the press may actually have been committing a contempt of court. The law states that public criticism constitutes a contempt only if there is an unfair imputation of corruption or conscious bias in a court or judge acting in an official capacity, or if a criticism is not made in good faith or exceeds the bounds of reasonable courtesy and hence amounts to scurrilous abuse. This class of contempt of court is distinguishable from contempt in the face of the court and from prejudicial coverage of pending trials. It is known as "scandalising the court".

The difficulty with proceedings against a newspaper for "scandalising the court" is that the court before whom the alleged contemner was brought would be judge and jury in its own cause; at the same time, the attorney-general would almost certainly be prompted to prosecute the newspaper. These days a move to commit a newspaper editor for contempt would be howled down as an oppressive instrument of the judiciary and in violation of a right to freedom of expression.

What then can, or should, be done to curb the excesses of press criticism? The Press Council, until its demise 18 months ago, never adjudicated upon a complaint of contempt by a newspaper. If it had received a complaint it would have referred the matter to the attorney-general.

The Press Complaints Commission, successor to the Press Council, does not canvass complaints other than those received from the aggrieved citizen; in any event its code of practice makes no provision to protect judges in respect of newspaper contempt.

Lord Donaldson's outburst, and the predictable riposte from the newspapers, discloses the seemingly sole avenue of redress left for unwarranted press attacks on the judiciary.

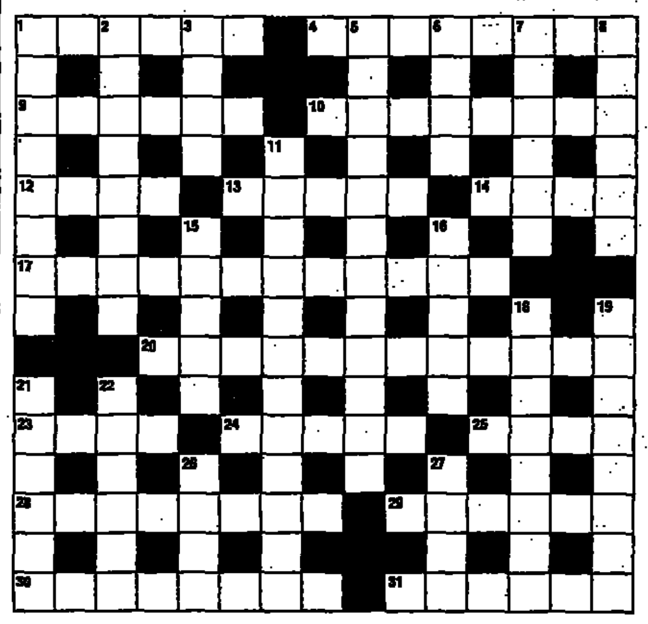
It has been the contention over many years that the Lord Chancellor will come to the defence of the judiciary when it is unreasonably criticised. In 1972 Lord Hailsham in his first term as Lord Chancellor warned that "there was some danger that popular pressures might endanger the administration of justice". At the time Lord Bridge of Harwich (then Mr Justice Bridge who had tried the case of the Birmingham Six) and Judge Christmas Humphreys were criticised in the media. Lord Elwyn Jones and his predecessor Lord Hailsham spoke up publicly in the judges' defence.

There's the rub. Lord Donaldson's exceptional disavowal of the traditional Trappist approach of judicial silence in the face of public criticism was prompted entirely by the apparent lack of support from Whitehall. The judges are sensitive to, indeed incensed by, the lack of support from Lord Mackay, the Lord Chancellor. One senses that had Lord Mackay not been engaged in Cabinet business last week, and had appeared in the Strand, Lord Lane would have declined to receive his warm wishes for a long and happy retirement.

Louis Blom-Cooper QC

CROSSWORD

No.7,828 Set by GRIFFIN



ACROSS

1 25 brought back to plant (6)
4 *Burns caught man holding* ferrets (8)
9 You once rejected leave, in fairness (6)
10 Page in account forged by tenant (8)
12 Banker running through Cairo (4)
13 Something more to write after mother's illness (5)
14 Clearly we will deduct 50% (4)
17 There's seven working outside Leatherhead yet (12)
20 Naming a blue movie I introduced is inconceivable (12)
23 Lively tune Sally finished with (4)
24 Quiet supporter's first to get impudent (5)
25 *To pop back round above* (4)
28 Deny taking back six lacking enthusiasm (8)
29 Frozen dripping (6)
30 Had a nice new ranch (8)
31 If not American lens screws in (6)

DOWN

1 Ruling after programme *starts in the club* (8)
2 Sweetheart trips over lute (8)
3 Aristotle raised some children (4)
5 Is to close gap created by Houdini? (12)
6 Rake round in shrub (4)
7 Key to enter Holyhead flat brings bliss (6)
8 Pay group to drop a report (6)
11 Ape rolled over in mud, a lot better (4,8)
15 Dicky father, not improving (5)
16 Heard you confess to exercising (5)
18 Needing cables to move obstruction (8)
19 Not so much after assistance *as incompetent* (8)
21 Start a meal without (6)
22 Finding US soldier in overturned *cart's distressing* (6)
26 Inflammation causing the viewer some discomfort? (4)
27 Number 100, one upright figure (4)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday May 2.